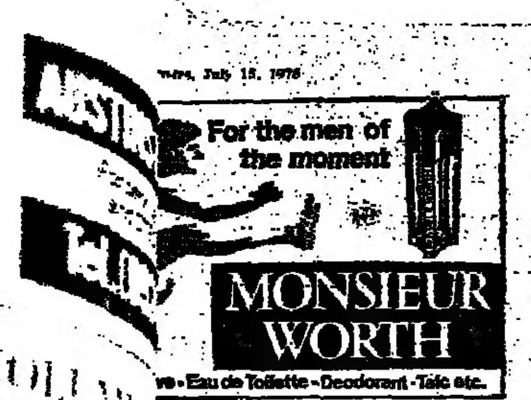

FINANCIAL TIMES

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SPENDING CUTS: The Government prepares . . .

Callaghan ultimatum to MPs and unions

BY RICHARD EVANS and ROY ROGERS

THE PRIME Minister issued an ultimatum to both Labour MPs and the TUC yesterday to accept the forthcoming cuts in public expenditure or see the Labour Government driven from office.

Although no details of the planned cuts were revealed, the TUC's key economic committee was warned that they could lead to the loss of some 70,000 jobs in 1978-79.

Mr. Callaghan was supported by *Mr. Denis Healey, Chancellor* of the Exchequer, who stressed that the life of the Government was linked with the implementation of the spending cuts now under consideration by the Cabinet.

The *meetings* were part of an intensive campaign to gain acceptance, if not support, for the Treasury's new round of spending cuts that will affect many of the Labour Party's most cherished programmes.

At separate meetings with TUC leaders and then the Parliamentary Labour Party MPs heard the warnings in a sombre mood and although there were fierce protests at the proposed extent of the cuts, the impression left was that the unions and back-benchers were coming round to accepting, however reluctantly, the Government's case.

Although the Left-wing Tribune group has warned Mr. Healey that it would resist cuts in areas like social services, housing and education, it is widely believed that at the end of the day there will be no serious revolt.

Mr. Callaghan, in particular, left no room for doubt that he would regard the issue of the cuts as a matter of confidence and will insist on relying exclusively on the votes of Labour *MPs to get the cuts through the* Commons.

"This Government cannot govern and survive unless we have the support of the Parliamentary Labour Party and the trade unions," he declared.

No government *could* give an absolute guarantee that its strategy would be a success, Mr. Callaghan pointed out. But there was ample and impressive evidence of support both at home and overseas.

"*We think we are on the right* course. We are running a high risk economy and there are no easy solutions," he warned.

The theme of Mr. Healey's speech, which follows similar exercises he has conducted *before the Tribune group and* the Manifesto group of moderate MPs, was that the proposed cuts must go through if foreign confidence in Britain was to be sustained and the Government's future assured.

"*The choice is clear. Either* we risk being pushed by a collapse of foreign confidence into a massive deflation, or we move steadily back to full employment and get out of debt as our recovery gathers strength.

"If *we choose the first course, the Government will not survive.* All the gains we have made will be thrown away. The Tories will inherit the rewards of all our sacrifices and the North Sea will be producing oil for a Conservative Government."

The Chancellor made it clear there was no real alternative to reducing the budget deficit. This meant either taxing more or spending less. He argued that to rely on tax increases was "just not on" and purely as an illustration he pointed out that to get £1bn. off the public borrowing requirement by raising income tax would mean adding 3p to the standard rate and reducing the single person's weekly wage increase next year by £1.38p.

Editorial Comment, Page 16
NALGO to fight Surrey cuts Page 8

The main opposition on the TUC economic committee came, predictably, from Mr. Alan Fisher of the Naional Union of Public Employees and from Mr. *Geoffrey Drain of the National* and Local Government Officers Association.

Both unions are already pledged to disruptive industrial action wherever cuts are planned.

But there was also some support for public expenditure cuts, provided more money was channelled into manufacturing industry as a result. This line was put by Mr. Tom Jackson of the Post Office Workers, while backing for cuts on the grounds of "*equality of sacrifice*" came yesterday from Mr. Bill Sirs of the Iron and Steel Trades Confederation.

Yesterday's meeting was the first major engagement for Mr. Len Murray, TUC general secretary, *since his recent heart attack.*

Mr. Murray confirmed afterwards that union leaders had *been given no details of the* Government's proposals, but there would be a further meeting with the Chancellor next week.

A strong hint of eventual TUC acceptance of some cuts came from Mr. Murray when he added that if the Government convinced the unions of the need to shift resources into parts of the economy where they were most urgently needed "we would understand some realignment of public expenditure."

● Mr. Healey has cancelled a meeting with the National Executive's influential Home Policy Committee planned for to-day following the committee's endorsement earlier this week of proposals directly opposing Government policies.

Every spending Ministry told to make contribution

FINANCIAL TIMES REPORTER

EVERY spending Ministry has been asked by the Treasury to make some contribution to the cuts due to be announced in broad terms at the end of next week or at the beginning of the following week.

The overall figure of £1bn. has been put by the Cabinet as a whole to individual departments, with each called upon to examine the Treasury's proposals. No firm agreement on the *distribution* of the cuts between Ministries has yet been reached, although the Cabinet will discuss this to-day and at meetings next week.

ENVIRONMENT: This department is putting up the most vigorous defence of its budget for next year. Roads and transport, housing and "other environmental services," together account for *some £8bn. of* expenditure programmed for 1977-78 at 1975 Survey prices.

Personal relations between Mr. Peter Shore, Secretary for the Environment, and the Prime Minister are said to be bad and, *with* Mr. *Anthony* Wedgwood Benn, Energy Secretary, quiescent, Mr. Shore has become the main standard-bearer of opposition to cuts within the Cabinet.

His department, however, is searching for cuts in excess of *£200m.* The *main* areas under scrutiny are capital spending on roads, house building (which troubles several Ministers because of the *political difficulty* of refusing loan sanction to local authorities with large house construction programmes) and replacement of buildings such as schools.

The most likely moves on housing are (a) further *encouragement to councils* to make package deals with private builders for the construction of houses below Parker Morris standards on local authority land and (b) a *further squeeze* on local authority loans to house *buyers*.

Local authorities will be asked to reduce the subsidy on fares and additional rent increases late in 1977 are under study. But the first task is to find a way of cajoling local councils to reduce *their revenue spending to within* the limits set for 1976-77. The Department of the Environment is not yet confident of its ability to do this.

DEFENCE: another "difficult" Ministry. A cut of £100m. in next year's *appropriation of* £4.6bn. has been suggested by the Treasury. The Chiefs of Staff are pointing to past cuts and arguing that further reductions can come only from a reduction in commitments, such as *withdrawal from the vital* central region of Nato.

The way out seems to be a deferment of major re-equipment programmes, although orders for new aircraft, guided weapons, warships and sub*marines tend to find their way* back into the defence budget whenever they are put off. Mr. Roy Mason, the Secretary for Defence, was supported by Mr. Callaghan during *last* winter's round of cuts; on this occasion he is being told by the Prime Minister that he must take the Treasury's £100m. figure.

INDUSTRY. The preferred form of cut is to make regional aid more selective. The same formula will apply to aid to exporters, although the net *effect may* not be very large.

It is not expected that the National Enterprise Board will be given further funds, but its budget might be rearranged to relieve it of some of the financial burdens arising from its *existing portfolio of companies*, which includes Rolls-Royce (1971).

The expected £100m. first tranche of investment in British Leyland, plus the £400m. second tranche, will, on present form, *go ahead*, as will British Steel's plans for Port Talbot and Redcar. But NEB purchases of profitable enterprises, and the soon-to-be-nationalised shipbuilding industries will be subject to restraint on capital expenditure.

HEALTH: The NHS is being asked to find *£100m.* in cuts: some of this could come from an increase in the prescription charge, which has stood at 20p since April, 1971. If it were doubled to bring it back to its 1971 value in *real terms*, the extra revenue might reach £30m.

The Government is balking at the political awkwardness of such an increase, however. The *difficulty is that previous capital* cuts in the NHS have left little room for further reductions in building and investment programmes now.

EDUCATION: A 5p increase in the school meals charge of 15p (which represents a 60 per cent. subsidy) is being considered.

OVERSEAS AID: Mr. Reginald *Prentice, Minister for Overseas* Development, acknowledges that there should now be cuts in foreign aid, but says they should be by no more than the same percentage as at other ministries.

Home yards win 92% of orders

BY JOHN WYLES, SHIPPING CORRESPONDENT

BRITISH shipowners placed a surprisingly high 92 per cent. of total new building orders with home shipyards in the second *quarter of this year.* These figures were given by the Government to trade union leaders during talks yesterday on the shipbuilding crisis.

Although the Government does *not expect to maintain this share* of shipowners' orders for the rest of the year. Ministers see the figures as a partial response to strong behind-the-scenes pressure on shipowners and also to the introduction in April of a cost-inflation scheme.

The order figures were given at a second tripartite meeting involving leaders of the Confederation of Shipbuilding and Engineering Unions, senior Ministers, *led by Mr. Eric Varley*, Industry Secretary, and members of British Shipbuilders' organising committee which will run the industry after nationalisation. Mr. Danny McGarvey, president *of the Boilermakers' Amalgama*tion, was absent because of illness.

The purpose of the talks is to try to convince unions of the severity of the crisis facing the 51,000 workers in the merchant *shipbuilding industry as a result* of a sharp fall—potentially up to 60 per cent.—in world demand for new ships.

Leaders of the confederation have insisted that British shipping must be persuaded to place more orders at home to help preserve existing capacity. According to figures quoted by Mr. Varley, only 6,000 gross tons (grt) out of 208,000 grt were ordered in Britain by British *owners in the first quarter of* this year—less than 3 per cent. This was even worse than the total for the whole of last year when 6.5 per cent. of new orders went to British yards.

The second quarter total was 135,000 grt out of 147,000 grt. This sudden wave suggests that *several owners were holding* back until the Government's announcement in early April of the extension to British owners of its cost-inflation guarantee scheme, previously available only for ship exports. British shipbuilding also has been assisted by the falling value of the pound which has helped compensate for lower *prices offered by Japanese ship*yards.

However, this rate of ordering *still falls far short of the average* of 250,000 grt a quarter needed to maintain full employment in the industry.

Shipbuilders start drive, Page 7

Visible trade gap increases to £360m.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S visible trade deficit increased during June for the third month running and at £360m.—a rise of £19m.—is now *the biggest since last* August.

A deterioration in the deficit had been widely expected by the foreign exchange market and there was only mild disappointment and a small marking-down of the rate after the announcement.

The pound closed 65 points lower on the day at $1.7815. Its weighted depreciation widened by 0.3 to 38.8 per cent.

Dealers reported some commercial selling during the afternoon which was absorbed reasonably easily, but there were suspicions that the authorities may have intervened *further*, especially in the forward market.

The June increase in the visible deficit is *partly* explained by the cost of sizeable imports of equipment for North Sea oil and gas production, which exceeded the export value of a gas installation by *£70m.* compared with about £18m. in May.

Imports of North Sea rigs and pipelines are always heavy during the summer and will adversely affect the trade figures for a few more months.

Otherwise, there is no clear trend in the June figures. There is a probably erratic slight fall in the volume of both exports and imports, but the underlying deterioration is *shown in a total* visible deficit of £964m. for the second quarter — the worst quarterly figure since 1974 — after one of £470m. in the first three months of this year.

BALANCE OF PAYMENTS			
Seasonally adjusted £m.	Visibles	Invisibles	Current Account
1975			
1st	−850	+384	−466
2nd	−681	+321	−360
3rd	−986	+415	−571
4th	−683	+380	−303
1976			
1st	−470	+410	−60
2nd	−964	+390	−574
Jan.	−197	+137	−60
Feb.	−253	+136	−117
Mar.	−20	+137	+117
Apr.	−263	+130p	−133
May	−341	+130p	−211
June	−360	+130p	−230

p projections

Recovery

The explanation is a 9 per cent. *rise in the volume of imports in* the second quarter, compared with the possibly artificially low figure for the previous three months. As might be expected at this stage of recovery in the economic cycle, imports of *industrial materials have* been increasing sharply, with a 4½ per cent. increase in volume between the first two quarters of the year.

An apparently more worrying sign at this stage is a 7½ per cent. increase in imports of finished manufactures on a similar three-monthly basis.

It is suggested in Whitehall, however, that this rise is distorted by exceptionally heavy imports of aircraft, ships and oil equipment, so that, after excluding these categories, the rise in imports of finished manufactures *is well under half the apparent* rise.

The rate of growth of exports may be slowing down slightly, with a 4 per cent. volume gain between the two quarters, and for the first time this year the three month volume increase for imports is higher than that for exports.

This may have been affected by the June figures and the *official view is still one of* confidence in a strong underlying trend.

Moreover, exporters appear to have been keeping their prices much firmer in foreign currency terms, thus taking in the benefits from the fall in *sterling* earlier, unlike previous depreciations.

This is reflected in a deterioration of only 1½ *per cent. in the* terms of trade—the ratio of export prices to import prices—between the first and second quarters of the year.

The result has been to distort the usual "J-curve" pattern after a depreciation and make much more difficult any balance of payments projections. Consequently, *after* a widening in the current account deficit from £60m. to £574m. between the first two quarters, the authorities are reluctant to make any official revision of their forecast for the deficit in 1976 as a whole.

This is still in the range of £1.5bn. to £1.7bn., as implied in the Budget speech, compared with the 1975 deficit of £1.7bn.

A feature of the figures has been the continued sharp growth in exports to North America and the EEC—up by *13* and *14* per cent. respectively in value terms on a three-monthly basis, compared with an average rise of 10 per cent.

Table Page 7

£ in New York

—	July 14	Previous
Spot	$1.7830-1.7820	$1.7855-1.7865
1 month	1.30-1.27 dis	1.31-1.26 dis
3 months	3.56-3.50 dis	3.40-3.36 dis
12 months	10.70-10.60 dis	10.45-10.35 dis

WS SUMMARY

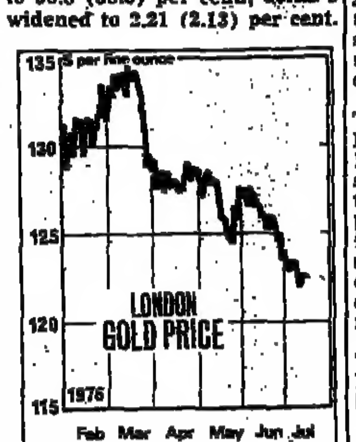
BUSINESS

Equities and gilts hold up well

● GILTS were undismayed by the June trade figures. Mediums and longs made up earlier losses, while most shorts also recovered some lost ground. FT Government Securities Index eased 0.04 to 62.55.

● EQUITIES tended *to hold up* fairly well in thin trade. The FT 30-Share Index edged down *0.4 to 389.1. Gold mines* continued their slightly better trend, their index rising 1.6 to 140.3.

● STERLING closed at $1.7815, down 65 points. Its trade-weighted depreciation widened to 38.8 (38.5) per cent.; dollar's widened to 2.21 (2.13) per cent.



● GOLD was unchanged at $122.50 ahead of the IMF gold *auction.*

● WALL STREET slipped 0.90 to 1,005.16.

● WEST GERMAN economic recovery should continue but more gradually than in the first nine months of the present upswing, the Bundesbank's monthly report indicates. Page 4

GEC wins new S. Africa deal

● SOUTH AFRICA has awarded a £70m. contract to GEC Turbine Generators to supply generating plant, in addition to an earlier £50m. order. Page 5

● BRITISH NATIONAL OIL Corporation is to become a North Sea oil operator with the purchase of further substantial assets from Burmah. Back Page

● GOVERNMENT is believed to be considering informal advice from within Maritime Fruit Carriers that the shipping company may be a suitable case for liquidation. Back Page

● MORE HYPERMARKETS and superstores could be developed under policy proposals published by the Department of the Environment. Back Page

● MORTGAGE RATE RISE is not needed immediately but the prospect cannot be completely ruled out, said the chief general manager of Nationwide Building Society. Page 9

● RAILWAYMEN voted at their annual conference to suuport the next round of pay restraint. Page 8

● MINERS have sent to the Coal Board their claim for early retirement from January. Steelworkers also decided to press for retirement at 60. Page 8

COMPANIES

● FODENS made a £1m. pre-tax *loss in the year to March 31*, compared with a £0.95m. profit the previous year. Page 20 and Lex

● THORN Electrical Industries boosted pre-tax profit to £74.4m. *(£55.4m.) in the year to March* 31, with growth overseas more than offsetting a decline in the U.K. Monochrome TV and audio equipment industry faced serious competition from Far East imports, the company warned. Page 20 and Lex

Probl... Reed... ;anda ...pels ...itish ...voy

...s Horrocks, Britain's ...igh Commissioner in ...as been told to leave. ...nd was made yesterday ...toon when an official ...ganda High Commis... ...ondon telephoned the ...ffice. He said that a ...ote would follow. ...tion follows Monday's ...of Mr. Peter Chandley, ...Commission second ...and two other Britons. ...s were given. ...ght there was continu... ...in Whitehall over ...n of some 550 British ...n Uganda. ...about 12 Britons ...y air from Uganda ...ey said the situation ...Small groups of ...were reported crossing ...r into Kenya. Back ...6. Editorial Comment,

0 fines in ...ies cases

...a cat and a monkey ...n three more anti-rabies ...ons yesterday. Three ...ermans, including a ...et who landed a boxer ...Dover, were fined a total ...0 at Chatham. At ...British Airways was ...0 in respect of a cat ...d flown first class from ...he owner flew second— ...it should have had an ...icence and travelled in ...At St. Austel, Cornwall, ...per of a West German ...s fined £100 because the ...onkey appeared on deck.

...ght powers

...rought Bill published ...gives water under... ...owers to cut supplies in ...es, first by limiting or ...g non-essential uses, ...nd by rationing or cut... ...ck Page. In Mexico up ...0 people were reported ...or affected by floods ...y continuous rains. In ...4 people died in monsoons...

...a deaths

...re men have died in ...ea accidents, making a ...five oil and gas explora... ...ths this month and 11 ...e. A Texan pipelayer ...rtly after being flown to ...in Aberdeen on Tuesday ...rench diver perished 30 ...Aberdeenshire yesterday.

...dle probe

...id Ennals, Social Ser... ...cretary, has ordered an ...into how a jobless ...Liverpool, labourer— ...jailed for six years on ...swindled £36,000 out ...security over seven

...chief here

...as MacGiolla, leader of ...al Sinn Fein, political ...the IRA, was allowed ...itain last night. At ...Co. Londonderry, Irish ...landed over one of two ...soldiers wanted for ...ing about the beating of ...old man in Belfast.

...Lyon, Labour MP for ...been re-admitted to ...ster Hospital following ...bladder operations.

...of Japan is to sponsor ...'s Sydney-Hobart yacht

...inquiry at Winchester ...en adjourned for two ...so that an alternative ...can be costed.

...dre's New Forest District ...and County Council are ...the High Court to ban a ...ival planned for the New

...aged 11 was killed on a ...outing when two coaches ...near Whipsnade Zoo, ...shire.

...F PRICE CHANGES YESTERDAY

...in pence unless otherwise indicated)

RISES

...ng Equipment	75	+ 4
...rd (S. & W.)	154	+ 4
...Vita	102	+ 4
...(A.)	130	+ 5
...	161	+ 6
...	190	+ 4
...Combex-Marx	180	+ 3
...nds.	140	+ 10
...	170	+ 12
...nstruction	52	+ 7
...Wood Steel	55	+ 3
...	78	+ 4
...Vrightson	54	+ 3
...	12	+ 4
...oper	100	+ 10
...& Godwin	118	+ 4
...	22	+ 4
...(G.F.)	72	+ 4
...river)	52	+ 4
...(J.)	112	+ 3
...Elect.	238	+ 4
Travis & Arnold	103	+ 4
Siebens (U.K.)	190	+ 15
Blyvoor	415	+ 15
Cons. Gold Fields Aust.	290	+ 10
Free State Geduld	£11¼	+ ¼
Hampton Areas	82	+ 6
Harmony	365	+ 15
Sabina	112	+ 5
Tehindy Minerals	590	+ 5

FALLS

Treasury 3½% 1979	£87½	− ½
Aust. & N.Z. Bkg.	458	− 7
BSR	104	− 5
Bonser Eng.	82	− 3
Gill & Duffus	168	− 4
Haslemere Estates	199	− 5
Heath (C.E.)	426	− 8
Huletts Corp.	163	− 13
Matthews (B.)	155	− 8
U.K. Optical	168	− 15
Poseidon	265	− 10

For latest Share Index 'phone 01-246 8026

LOMBARD

The realities of Fund's new role

BY C. GORDON TETHER

THE International Monetary Fund was set up to serve two main purposes—to perform the functions of an international financial policeman and help keep the world's money wheels turning smoothly by borrowing funds from countries in surplus and lending them to those in deficit. Where has it been left by the fundamental overhaul of its structure?

One can argue that this process is destined to take such a heavy toll of its disciplinary powers by eliminating the mechanisms through which they were supposed to operate that it has effectively ceased to count for anything in this sense. And from there one can go on to make the point that, as its capacity to lend has at the same time been strengthened, it must be seen from now on primarily as a source of financial assistance.

It is interesting to see that this portrayal of its new revised role is hotly disputed in an article on "The Fund after Jamaica" contributed to its quarterly bulletin, Finance and Development, by its Economic Counsellor, Mr. Polak—one of the principal architects of the new look.

Surveillance

He agrees that the new arrangements give members a freedom of choice denied to them under the former rules as an essential part of the arrangements for preserving law and order in world monetary affairs. But he goes on to stress that they also place on the Fund the responsibility for establishing firm surveillance of such arrangements as members adopt and of working out principles to guide them in their exchange rate policies and then to supervise their adherence to those principles.

He concedes that, with respect to currencies that truely float, it is probably going to be more difficult for the Fund to exercise some kind of a supervisory authority on exchange rates than it was in the past when they were tied to par values. But he then goes on to claim that the Fund's power over other exchange rates has increased. Why? Because, he says, we find that members who peg their rates—and who are very much in the majority—consider it much more natural than in the past for Fund officials to discuss with them whether the peg is right.

There is obviously something in what he says. The Fund is clearly going to continue to have some concern with exchange rates. But when his presentation of the new picture is subjected to close examination, it soon becomes apparent — or so, it seems, to me — that the Fund no longer possesses what those in charge of a surveillance job most need. Which is of course, teeth to bite with where it counts.

To begin with, though the freely floating currencies over which the Fund admits to having virtually no control are very much a minority, they are also far and away the most important. And, as the experience of the past few months has graphically illustrated, their increasing volatility is rapidly becoming a de-stabilising factor in world monetary affairs of the greatest significance. Moreover, the reverberations of their increasingly violent movements are apt to unsettle or undermine the rates of that great majority of currencies whose rates are pegged.

In last resort

Again, I would have thought that it would have been very unwise for the Fund to assume that the fact that many of the countries in the "pegged rate" category are willing to consult it about the rate they should choose can be interpreted to mean that its power over exchange rates has increased.

Given the present turbulent state of the world's monetary situation, all countries stand increasingly in need of all the information and advice they can get on the exchange rate issue. But their willingness to go to the Fund for it as being one of the best available sources does not mean that, in the last resort, they won't do what they consider would be best for themselves rather than for the general good.

Finally, the fact that the Fund has been entrusted with a surveillance function in the new set-up which includes the right to draw up guidelines does not mean that it is going to be able to exercise it. It was, indeed, given the job of preparing suitable guidelines for a floating rates way of life some considerable time ago and made some effort to respond. The fact that the world is being increasingly drawn down the slippery path of competitive devaluation shows just how empty a gesture this has turned out to be.

The reality would seem to be that the Fund's attempt to present itself as still being with it in the disciplinary sense is largely a matter of wishful thinking. It will have to be much more prepared to come to grips with the international financial world as it is before it can lay claim to being back in business in this sense.

RACING — BY DOMINIC WIGAN

Another for Barry Hills

NO TRAINER has his team in better form than Barry Hills, and I feel confident that the 39-year-old Lambourn trainer will continue his fine run with Mr. Charles St. George's *Guido Fawkes*, entered in the John Player Anniversary Handicap at Redcar.

This handsome Sea Hawk II colt, who ran promisingly without appearing likely to win in three outings as a juvenile, has made up into a smart staying handicapper this season.

Last time out he put up a praiseworthy effort when running the older Belle Bretonne, from whom he was receiving only 6 lb. to a neck in Lingfield's Salmon Handicap.

In the lead from the start in that two-mile event, Guido Fawkes was caught only in the final 50 yards, after trying to slip his field in the hands of Lester Piggott 2½ furlongs from home.

With Ryan Prices smart four-year-old Hard Attack absent and Knockroe no longer the force he was two seasons ago, Guido Fawkes's task does not look too daunting.

I hope to see him gain his second success this season at the main expense of course winner Franc Flinders, who recently followed up some respectable efforts by getting the better of Hurry Round in a 1½ mile event at Beverley.

It may pay backers to take a chance with the progressive and lightly raced *Ascot Weather* in the Moorsholm Handicap.

Jack Watts's Silly Season filly, who followed up an encouraging effort behind Sospecha at Thirsk in May by finishing fifth to the under-rated Wigeon at Leicester, showed she would not be long in winning when chasing home Admiral Count in a mile maiden event at Edinburgh early this month.

To-day's additional quarter-mile will suit her and she appeals as a sound bet.

Edward Hide does not often ride for the Clarehaven stable of Michael Jarvis. It could be significant that he is abroad the Newmarket establishment's Mountain Call colt *Neil Diamond* in the Flying Thorpe Auction Stakes.

A remote eighth of 12 behind Gala Lad on his seasonal debut at Haydock five weeks ago, Neil Diamond ran with a great deal more promise on his subsequent outing, finishing runner-up to In Haste in a 20-runner maiden event at Newcastle. He appeals as the day's best bet.

REDCAR
2.35—Penny's Pet
3.05—Ascot Weather**
3.35—Guido Fawkes*
4.05—Neil Diamond***
4.35—Streaker King

BATH
2.15—Sharp
3.15—The Nadi Royale
3.45—Big Treat
4.45—Aristotle

HAMILTON
7.25—Andura
8.20—Hand Canter
8.50—Pontresina
9.15—Tamingo

NOTTINGHAM
6.30—Voleuse
7.00—Lisboa
7.55—Affirmative

SALEROOM — BY ANTONY THORNCROFT

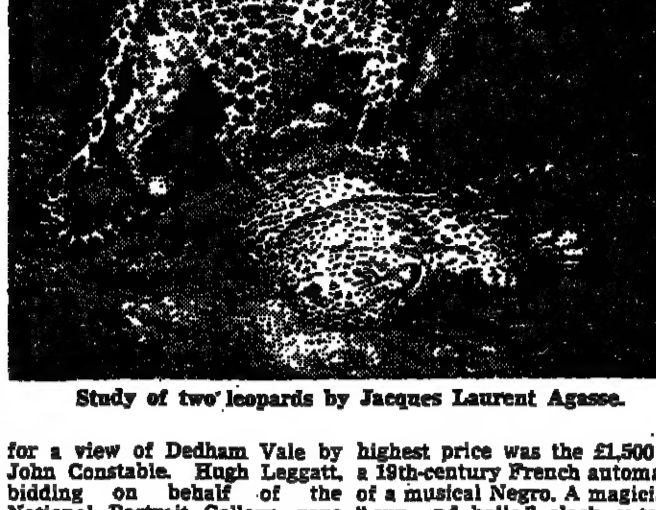
Record £140,000 for Agasse

AN ATTRACTIVE painting by Jacques Laurent Agasse of Two Leopards, which had been expected to sell for £60,000, went for £140,000 at Sotheby's yesterday to the U.S. dealer Donahue, who will have to pay an extra £14,000 in buyer's commission.

Agasse was born in Switzerland in 1767 and came to England in 1800. Although acknowledged as an outstanding painter of animals by his fellow artists he did not get the commissions he anticipated and died penniless in 1849.

He painted the leopards in 1808 in Politio's menagerie at the Exeter Exchange—at that time the only exhibition of wild animals to be seen in London. The picture was sent for sale by the widow of Jack Dick, the American cattle breeder, whose investment in English pictures has realised more than £3m. at Sotheby's in recent years.

The £140,000 was a record price for an Agasse.



Study of two leopards by Jacques Laurent Agasse.

The auction of British pictures was surprisingly successful, totalling £371,320 with less than 5 per cent. bought in. A portrait of John, first Earl of Ligonier, by Sir Joshua Reynolds sold slightly below target at £30,000 and a Samuel Scott view of The Thames at Westminster also went comparatively cheaply at £15,000.

In contrast a picture of horses and dogs by Charles Towne trebled its forecast at £11,500 and Agnew gave a good £7,800 for a view of Dedham Vale by John Constable. Hugh Leggatt, bidding on behalf of the National Portrait Gallery, gave the same sum for a portrait of Lord Nelson on board HMS Vanguard after the Battle of the Nile. It was painted by Guy Head.

In complete contrast Sotheby's Belgravia sold toys, automata, and magical tricks. The auction realised £20,862, as against a top forecast of £12,060. The highest price was the £1,500 for a 19th-century French automaton of a musical Negro. A magician's "cup and balls" clock automaton made the same price, while another automaton sold for £1,100.

In the toys, a clockwork steam engine and tender went for £220 while among the magical effects "The Decapitated Princess" trick, the machinery dating from 1890, sold for £160—well within forecast.

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (UHF only). 12.20 p.m. On The Move. 12.30 Decision in New York: Full coverage of the Democratic Convention vote. 1.15 News. 1.30 Bagpuss. 4.23 Regional News (except London). 4.25 Play School. 4.50 Newsround Extra. 5.15 Boss Cat. 5.40 Barbapapa.
5.45 News.
6.00 Panorama Special (London only).
6.25 The Fishing Race.
6.50 Bellamy's Europe.
7.20 Top of the Pops.
8.00 The Grand Prix Night of the Stars.
9.00 News.
9.25 The Royal International Horse Show.
10.45 Panorama Special: The Next President?
11.15 The Sky at Night.
11.45 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—4.50-5.15 p.m. Bilidowcar. 5.15-5.40 Heddiw. 6.00-6.25 Wales To-day. 11.45 News and Weather for Wales.

Scotland—9.40 a.m. Dastardly and Muttley (cartoon). 9.50 Jackanory. 10.05 Devlin. 10.30 Roobarb. 10.35-11.00 The Girl and the Fox. 6.00-6.25 p.m. Reporting Scotland. 11.45 News Summary and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.25 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—6.00-6.25 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
11.00 Play School.
5.00 p.m. Open University.
7.30 News on 2.
7.40 In Deepest Britain.
8.10 Chronicle.
9.00 Call My Bluff.
9.30 The Philpott File.
10.20 Rhoda.
10.45 Worldwide Special: Juan Carlos I, King of Spain (film portrait).
11.25 Newsnight.
11.40 Closedown: Hugh Burden reads "Byzantium," by W. B. Yeats.

LONDON

10.00 a.m. Water Wise. 10.25 Cricket in the Middle. 10.50 Meet Betty Boop. 11.00 Boney. 11.50 Who Matters? 12.00 Animal Kwackers. 12.10 p.m. Hickory House. 12.30 The Democratic Convention: Report from Madison Square Gardens, New York. 1.00 First Report. 1.20 Lunchtime To-day. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Racing from Redcar. 4.25 Born Free. 5.20 Spiderman.
5.50 News from ITN.
6.00 To-day.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 The Cuckoo Waltz.
8.30 Thursday Adventure Film: "North by Northwest," starring Cary Grant, Eva Marie Saint and James Mason.
10.00 News.
10.30 Thursday Adventure Film (continued).
11.35 Marcus Welby, MD.

All ITV regions as London except at the following times:

ANGLIA

10.30 a.m. Betty Boop Cartoons. 10.35 Personal View—Peter Ustinov. 11.05 Play With A Purpose. 11.30 Learning Something Practical. 1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.50 Spiderman. 5.20 Sky. 6.00 About Anglia. 6.20 Arena. 11.35 The Living Word.

ATV MIDLANDS

10.50 a.m. Stingray. 11.15 Survival. 11.40 Wait Till Your Father Gets Home. 1.20 p.m. ATV Newsdesk. 4.25 The Lone Ranger. 4.50 Time Tunnel. 6.00 ATV Today. 11.35 Gardening Today. 12.05 a.m. Father Paschal asks "Is there a key to your life . . . ?"

BORDER

11.05 a.m. Play With A Purpose. 11.30 Learn Something Practical. †1.20 p.m. Border News. 5.20 Breaktime. 6.00 Border News and Lookaround. 11.35 Gardening Today. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 4.25 The Beachcombers. 4.50 The Time Tunnel. 6.00 Channel News. 6.10 The Doris Day Show. 11.30 Actualities et Projections.

GRAMPIAN

11.05 a.m. Play With A Purpose. 11.35 Learning Something Practical. 1.20 p.m. Grampian News Headlines. 4.25 The Beachcombers. 4.55 Big Blue Marble. 5.20 Wonder Weekly. 6.00 Grampian News. 6.10 Woobinda. 11.35 Evening Prayers.

GRANADA

10.50 a.m. Sesame Street. 11.50 Cartoon. 1.20 p.m. This Is Your Right. 4.25 Survival. 4.50 The Flintstones. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. †6.30 The Munsters. 11.35 To The Wild Country. 12.30 a.m. Thank You And Goodnight . . .

HTV

11.05 a.m. Play With a Purpose. 11.30 Learn Something Practical. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.25 The Woody Woodpecker Show. 4.50 Fantastic Voyage †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Sweet Somerset Summer Special. 11.35 Randall and Hopkirk (Deceased).

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25-4.50 Bis Yn Y Byd? 6.01-6.15 Y Dydd. 6.30-7.00 Sports Arena Special. 11.40 Command Performance.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

11.05 a.m. Play with a Purpose. 11.30 That's The Stuff. †1.25 p.m. Road and Weather Report. 2.00 Women Only. 4.25 Tarzan. 5.20 Kiri. 5.25 Crossroads. 6.00 Watch This Space. 6.30 Garnock Way. 11.37 Late Call. 11.43 Between the Lines.

SOUTHERN

10.30 a.m. Hammy Hamster's Adventures on the Riverbank. 10.40 The Nature of Things. 11.05 Play With a Purpose. 11.30 Learning Something Practical. 1.20 p.m. Southern News. 2.00 Women Only. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day. 6.30 Survival. 8.30 "The Battle of the Bulge," starring Henry Fonda and Robert Ryan. 10.35 "The Battle of the Bulge" (continued). 11.55 Southern News Extra.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Play With A Purpose. 11.30 Learning Something Practical. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 4.25 Proud Predators. 4.50 Beachcombers. 5.20 Tell Me Why. 6.00 Today at Six. 11.35 Epilogue.

ULSTER

11.05 a.m. Play With A Purpose. 11.30 That's The Stuff. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 4.25 Tarzan. 5.20 Breaktime. 6.00 Summer Reports. 8.30 The Thursday Adventure Film: "The Battle of the Bulge"—(Part 1). 10.35 Thursday Adventure Film: "The Battle of the Bulge" (Part 2).

WESTWARD

11.05 a.m. Play With A Purpose. 11.30 Learning Something Practical. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.25 The Beachcombers. 4.50 The Time Tunnel. 6.00 Westward Diary. 11.30 Westward Late News. 11.33 Faith For Life.

YORKSHIRE

11.00 a.m. Felix The Cat. 11.10 Breaktime. 11.35 Woobinda. 1.20 p.m. Calendar News. 4.25 Thunderbirds. 5.20 Elephant Boy. 6.00 Calendar. 11.35 Oscar Peterson Presents . . . Joe Turner—the blues singer from Kansas City.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including this week's new Top 30 LP discs, and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's DLT OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 7.02 Terry Wogan (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Sam Costa (S) including 5.45 Sports Desk. 6.40 Olympic Sports Desk. 7.02 Wit's End. 7.30 Sports Desk. 7.33 David Allan's Country Club (S). 9.02 Wally Whyton with Both Sides Now (S). 10.02 Sports Desk. 10.07 Folkweave (S). 11.02 Don Durbridge with The Late Show (1500m only, 202m Scotland). VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

‡Medium Wave only

‡6.55 Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Schoenberg (S). 9.50 Bandstand (S). 10.25 Four Hands, Four Voices part 1: Mozart, Brahms (S). 11.20 Words . . . 11.25 Concert part 2: Schumann, Fauré (S). 12.20 p.m. Handel concert, part 1 (S). 1.00 News. 1.05 Handel concert, part 2 (S). 2.00 Music In Our Time (S). 2.55 Matinee Musicale (S). 3.55 Music For Violin by Standford, Steuermann (S). 4.30 Mozart concert (S). 5.00 The Developing Musician (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: The Wider World. 7.30 A Bruckner Premiere (S). 9.00 Rousseau in England (S). 9.45 Thomas Augustine Arne (1710-1778) (S). 10.00 From The Proms 1975 Byrd, Palestrina (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 . . . And The Wall Came Tumbling Down. 11.50 Voices of the World. 12.00 News. 12.02 p.m. You And Yours. 12.27 The Men From The Ministry. †12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Jack De Manio Precisely including 4.00-4.05 News. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report VHF Regional News. 5.55 Programme news. 6.00 News. 6.15 Dad's Army. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 Any Answers? 8.00 The Admiral's Order. 8.45 Analysis: Legislating against Tension. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.00 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Sound Out. 4.32 Tony Fish with Home Run including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice (as 11.03 a.m.). 8.00 Music, The Food Of Memories. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 As Radio 2 until closedown.

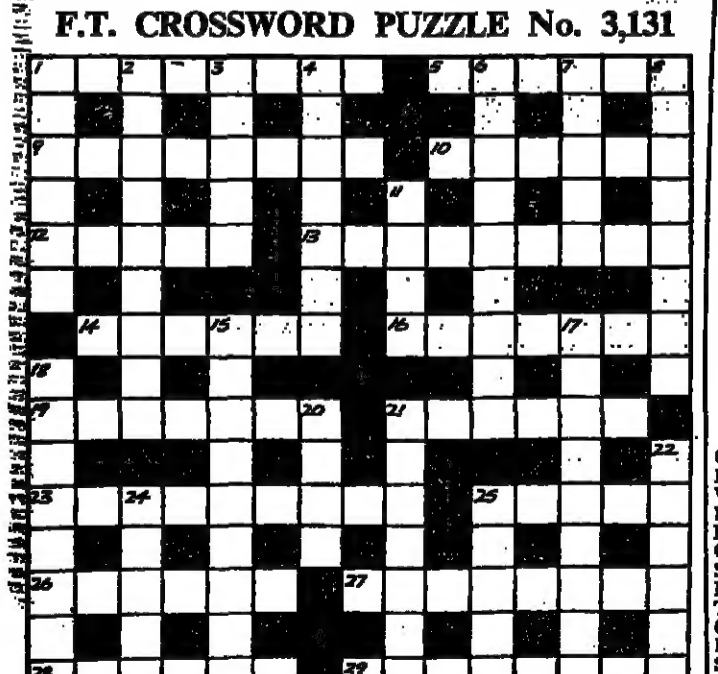
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Open Line presented by Bryan Wolfe. 9.00 Your Mother Wouldn't Like It: Capital's heavy rock show. 11.00 Tommy Vance: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,131



ACROSS

1 Bring round oil for grilling (8)
5 Excavations for French wine (6)
9 Pattern-maker producing symbol in fawn (8)
10 Oil for wheels? (6)
12 Join record list (5)
13 Delayed assembly of the side (9)
14 Song and dance notice (6)
16 A card game — maybe bridge (7)
19 Take away some French space (7)
21 Uniform — for industrious firm? (6)
23 Original type of spirit (9)
25 Row right for large ship (5)
26 Newspaperman published it originally but only in part (6)
27 Restricted the supply but deserved a small portion inside (8)
28 Try to accept a conclusion and be fashionable (6)
29 Late part of race is a draw (4, 4)

DOWN

1 Emblem right to pester animal (6)
2 Ring bachelor lackey taking notice (9)
3 Member one left to follow is lawful (5)
4 Wanted outside-left to be irritated (7)
6 Put in new order and set up kitchen fireplace (9)
7 Supporting essential characteristic of life (5)
8 Sting-ray moving its sting around and getting lost (8)
11 Dance this way to a record (4)
15 The prospect of continuance of life to grasp for tenure (9)
17 Regulation — alternatively dance about at home (9)
18 Sticking notice here on book (8)
20 Adds up children (4)
21 Save from danger a cruel person left inside (7)
22 Believe good character making acknowledgement (6)
24 Banishment in former French island (5)
25 Scottish proprietor landing one in the fat (5)

Solution to Puzzle No. 3,130

mith's Hall

tario by MAX LOPPERT

wo performances, on and Tuesday, the City n Festival offered hos- to the Unicorn Opera n by Alan Kitching of *Lotario*, first mounted *y-on-Thames* last year. ion" is too elaborate a what we saw: The Hall, red, columned, gilt- l, with a platform at was itself the "set," evening more of a n costume than fully- roduction of one of heroic operas, complete required machinery acle.

o, similarly given by two festivals ago at the Hall, worked well; but s not among the most ally or musically vivid Handel operas, as the

Reviews are on Page 25

ation on essentials y such a presentation ed. It was written to te the second Academy all the singers were n to England and to the , and though the *prima* Anna Strada, later be- favourite of his, that us quality of the Handel operas, the evi- d close inspiration of singers, is here want- ne of the characters of black-and-white libretto ened by the insight, gical and musical, that gnise as most remark- ndelian; instead, there of the way, the dulcet y of a great composer nagination has not been tly sparked.

ant is, of course, com- *If a happy and pleasur-* ening was nevertheless by *Lotario*, that is partly e of the Handel starva- ur present operatic life; and partly because there is still so much in it that is masterly. The effortless closing of each act, for example: a spirited bravura air for the nobly determined heroine Adelaide in the first, a slow, effulgent lyrical meditation for Lotharius in the second. In the latter, the countertenor John York Skinner was a clear, musical, unaffected singer. He was not also the actor, for John Angelo Messana, still suffering the indisposition that partly robbed York of his Orlando a fortnight ago, mimed the part from the stage—sensitively, apart from the floridity of gesture typical of this performer. As Adelaide, Eiddwen Harrhy combined emotional power, rhythmic acuity, glittering tone (at times excitingly close to hardness), flashing eyes and handsome carriage as an *opera seria* heroine of uncommon vivacity and communicative presence.

The others in the cast of six were not on this level. Sydna Withington, though she semaphored vigorously as the wicked usurping queen Matilda, was kept by her contralto music in what is apparently the least resonant octave of her voice. Brian Burrows, in Handel's first significant operatic tenor part, the tyrant Berengarius was neat but lightweight; as his son Idelberto, Linda Hirst put to musically expressive use some rather shallow tone. All except Miss Harrhy delivered Mr. Kitching's translation dexterously; the English is in itself dexterous, apart from an occasional small infelicity. Nicholas Kraemer, leading a small band of baroque instruments played notably well, tended to set inflexible rhythms. The sound of the oboes was particularly pungent and telling. Seven arias were cut complete, and the middle and repeat sections of several others—necessary, probably, but still rather unkind. When are we to see a major Handel opera mounted with all the lavishness denied to such expert small groups as Unicorn Opera?

val Hall

Beethoven

by DAVID MURRAY

Dorati took the Royal onic confidently through *secration of the House* on Tuesday as if, unlike us, he had a perfectly ea of what Beethoven ng to do in it. Many idience might have liked whether the provenance iece sheds any light on esn't); but Festival Hall of programmes—not for time at a well-filled Given what must be a profit margin on pro- a calculated shortfall nean.

soloist in the Fourth appeared to be Clifford Indeed it could hardly en anyone else: the com- of diffident grace, nobility and cunningly — but total — musical e is uniquely his. It eculiarly happy perform- As so often with Curzon, vas a series of small caused by his making o telling with such un- c simplicity. Two or times, passages which almost underplayed at st appearances—the off- beat left-hand *sforzandi* in the opening exposition, for example —returned later in sharper focus, to doubled effect. On paper, the music seems occasionally to expect more candid brilliance than Curzon offered; but in the event nothing was felt to be wanting.

The Andate unfolded in a state of grace, the depths of the dialogue between piano and orchestra made limpid as much by Dorati's impeccable translation of the *con moto* marking as by Curzon's tender *molto cantabile*: nothing insisted upon, everything deeply felt. The cadenza of the Rondo ended with a surprising bump. Dorati's accompanying throughout was a model of close sympathy. His touch with the Fifth Symphony was less sure: there was too much phrasing in short half-bars to generate the tension needed to carry the climaxes, which therefore sounded a little forced. The ensemble was sometimes slipshod; perhaps the fine concentration the players gave to the whole Concerto had worn them out. One had every reason to be forgiving.

aul's Cathedral

rande Messe des morts

y RONALD CRICHTON

on-liturgical concerts in thedral are not wasted he Festival of the City of has a trump card in conducted by Colin Davis. esday the echoing spaces ith a magnificent render- he Requiem by the Lon- mphony Orchestra and with the Brighton l Chorus to add extra Berlioz, who knew the al, understood and l in the problems of for giant nave and g. No-one else (the nic masters and, pos- lessiaen excepted) can be to such advantage there. Bruckner, who wrote for s not dissimilar in type ot very much smaller, horribly under Wren's

Davis has begun, in at least, to take on quite of the composer he does ely well. But not Berlioz surely, could have t more fire, intensity and gn control to the m than it received on y. However high the ten- and once or twice it rose bursting-point, he keeps he outward shape and the compassion of these nental romantic imagin- ings so paradoxically rounded off by firm classical outlines.

From a seat near the front little detail escaped the ear— the insistent, repeated "dona eis" in the Introitus and some alto phrases elsewhere were virtually the only casualties. Mr. Davis, whose readings in no sense stand still, seemed to be trying out a new balance in the "Offertorium," where the orchestra builds up a changing tissue round a simple, much-repeated two-note supplication from the voices. The orchestra was favoured. The chorus was never inaudible, but the effect of a classical frieze come to life was lost.

Of the other points of repose "Quid sum miser" was caught to perfection. "Quaerens me" was slightly dull in sound (would fewer voices be better here?). The big moments were as ever tremendous. Finest of all the strokes of aural imagination were the soft drum and cymbals at the repeat of *Sanctus*. It was a good evening for tenors. The chorus was strong in this department where so many choirs are weakest. The soloist in *Sanctus*, David Rendall, sang with rare beauty and heroic splendour of tone—here surely is a potential Faust and Aeneas.

iopsgate Hall

Pascal Rogé by DOMINIC GILL

second young pianist to r in the City of London al's lunchtime recital this week in Bishopsgate was Pascal Rogé from e (b. 1951). Rogé is a ed young musician, though sser calibre than Andras , whom we heard on Mon- the playing is wellbred roomed, but of smaller the focus is less close, the ction less vivid; the musical er itself is more careful, urbane.

was a pleasing, level-headed l, without surprises. I Rogé's simple, uncluttered ng of Ravel's *Sonatine*— though in the first movement he lost continuity by over-emphasising retardandi at the ends of phrases: I prefer it delivered as if in a single breath, and still more calm, more elegantly bittersweet. His group of eight Debussy Preludes was likeable also, though he communicated no great sense of adventure in the playing: a fast, neat "Le vent dans la plaine," gracefully done, but without real, blustery wind-magic; there was a tendency to rush even the most full-blown romance of "Les collines d'Anacapri." Best perhaps was "La fille aux cheveux de lin" —played entirely straight, beautifully shaped, sweet and eloquent.

There were fine things, too, in his "Vallée d'Obermann" from the first book of Liszt's *Années de pèlerinage*: not least many passages of stoutly resilient wrist-octaves, and two pages of *lento cantando* of splendidly vocal depth and presence. But he seemed to misjudge the pacing of "Obermann"—the agonizing slow climb to the summit, *sempre lento*, as Liszt takes care several times to direct, even where the notes themselves grow thick and fast, which unguarded enthusiasm can so easily pre-empt and destroy. A warm-hearted, ambitious reading, careful of notes, but careless of dramatic line.

Trevor Humphries

Frank Finlay and Julie Covington in the National Theatre's production of 'Weapons of Happiness,' which opened last night at the Lyttelton Theatre

Record Review

Three Verdi operas

by ANDREW PORTER

Verdi: Il corsaro. Montserrat Caballé, Jessye Norman, José Carreras, Gian-Piero Mastromei / Ambrosian Singers, New Philharmonia Orchestra/ Gardelli. Philips 6700 098 (2 discs), £6.20.

Verdi: Luisa Miller. Montserrat Caballé, Luciano Pavarotti, Sherrill Milnes, Bonaldo Giaiotti, Anna Reynolds, Richard Van Allan/London Opera Chorus, National Philharmonic Orchestra/Maag. Decca SET 606-8 (3 discs), £10.50.

Verdi: La traviata. *Mirella Freni*, Franco Bonisolli, Sesto Bruscantini/Berlin State Opera Orchestra and Chorus/Gardelli. BASF BAC-3101-2 (two discs), £6.50.

During the fifties and sixties, in Britain and in Italy, *all* Verdi's operas were revived, some of them for the first time in more than a century. And, as this page recorded, when the series of revivals drew toward its close a certain shade of regret began to mingle with the joy of discovery: soon there would no longer be the excitement of being able to encounter in the theatre a Verdi opera previously unheard. After *Stiffelio*, which had its first modern production in Parma, in 1968, only alternative versions were left to be done: the unrevised *Don Carlos* of 1867 and the unrevised *Simon Boccanegra* of 1857 (both of which the BBC subsequently brought us), and the first Macbeth (staged last season by University College). Just about all that remains unheard, now, is *La traviata* in its earliest version, to original St. Petersburg *Forza del destino*, and some alternative arias.

But many of these first twentieth century productions were small-scale affairs, performed with enthusiasm rather than grandeur. (*Giovanna d'Arco*, for example, really calls for a larger stage than that of the Royal Academy of Music, where it had its London revival.) And several of the Italian shows were done in severely abridged editions. Philips, in its "Verdi crusade," which began with a recording of *I lombardi alla prima crociata*, is making possible a second voyage of discovery as rewarding as the first, for it is bringing us the unfamiliar operas done, complete, by first-rate casts, orchestras, and conductor. *I lombardi* was followed by *Attila* and *Un giorno di regno* and then, most splendidly of all, by *I masnadieri*. Now we have *Il corsaro*, and *I due Foscari* is on its way.

These performances, conducted by Lamberto Gardelli, have prompted revaluation of Verdi's pre-*Rigoletto* achievements. I doubt whether *I masnadieri* can have ever before received so exciting and perceptive an interpretation as it does on the Philips recording. And *Il corsaro* maintains the same high level.

It is a remarkable opera. The libretto, after Byron's narrative poem *The Corsair*, was devised by Piave and the composer before the composition of *Macbeth* and *I masnadieri*, but the music was written after them and after Verdi's first-hand experience of French opera, when he revised and expanded *I lombardi* as *Jérusalem*. Lessons learnt and ambitions formed while working on Shakespeare and Schiller, and elaborated musical procedures discovered in Paris, are applied to a text that had been couched for composition in a simpler, more conventional style. Contrary to his usual custom, Verdi did not supervise the première (in Trieste, 1848) himself: he sent the score from Paris, accompanied by a sort of "take-it-or-leave-it" letter. He was discharging a commission, from the publisher Lucca, that had begun to irk him. The work did not receive those last touches that Verdi was wont to make during rehearsals. For these reasons, critics have tended to dismiss *Il corsaro* as a minor work. Wrongly—as the Philips recording makes abundantly clear.

Verdi's letter possibly reflects his awareness that he had written something unusual. As Julian Budden remarks, there is no other Verdi prelude quite like that to *Il corsaro*: "It is both long and short where you least expect, but the sense of proportion is unerring." And the score continues to bring surprises: in the instrumentation, in harmonies, in form. The plot concerns a corsair who is loved by two women, and in his duets, one with each of them, Verdi's formal invention reaches especially high. The Corrado-Medora duet seems to be made from developing variations of one basic idea; the Corrado-Gulnara duet is one of those extended pieces in which Verdi's fusion of a "dialectical" manner (the music taking new tacks in response to the text) and of structural balance points to the great duets of *Don Carlos*.

Montserrat Caballé has told us that she has entered a "third period." In her first, she says, she was obsessed with the need above all to make beautiful sounds. In the second, she became somewhat languid in her "expressiveness." And now, she is concerned with character. Fortunately, this "third period" does not preclude making beautiful sounds; in *Il corsaro* and again in *Luisa Miller* she sings with energy, with beauty of tone, and with a strong sense for the character both of particular phrases and of the heroine she portrays. Carreras, with a voice and style that recall the young Di Stefano, is a very fine Corrado—impassioned, ardent, exciting, and at the same time charming. Gian-Piero Mastromei, in the fairly small role of the Pasha, from whose prison Corrado is rescued by Gulnara, has a very fine baritone, with a vigour and thrust to it that should put him in the Stracciari line, though his singing is not yet particularly imaginative. Jessye Norman is heavy casting for the delicate Medora. The arabesques of her aria, "Non So le tetre immagini," are traced with a rather clumsy line, but in the final trio she is excellent. Gardelli and the New Philharmonia give a bewitching account of the carefully coloured score, and the recording is first-rate.

Other companies have also played a part in the "Verdi revival"—notably RCA with *Les Vêpres siciliennes*, EMI-Angel with *Giovanna d'Arco*, and now Decca with *Luisa Miller* (all of them having Cabellé as heroine). This is not the first *Luisa* on disc but it is the best. The early Cetra version with Lucia Kelston and Giacomo Lauri-Volpi, a product of the 1951 Verdi celebrations, was at best a stop-gap—and a souvenir for fans of the tenor. The RCA set, with Anna Moffo, Shirley Verrett, Carlo Bergonzi and Cornell MacNeil, is as strong as the new Decca in all but two respects: the heroine and the conductor. Caballé's Luisa is one of the most radiant, delicate, and exquisitely sung performances she has put on record, and Peter Maag's conducting—despite a few passages that can be deemed too deliberate, or quite simply too slow—"reveals" the score more fully, more thrillingly, than does Fausto Cleva.

Luisa Miller is the opera next-but-one after *Il corsaro*. First there was *La battaglia di Legnano*, even more "French" in its musical manners than its predecessor, for all its Risorgimento subject-matter. *Luisa Miller* represents a new synthesis. To the librettist, the veteran Salvatore Cammarano (Donizetti's collaborator in *Lucia*), Verdi explained in some detail all his new ideas. (Cammarano replied that he was "tempted to say that to achieve the peak of perfection in an opera, the same mind should be responsible for both the words and the music.") Abramo Basevi, in the earliest (1859) and still one of the most penetrating studies of Verdi's music, discerned in *Luisa Miller* the inauguration of Verdi's "second period," in which the characters express themselves with greater delicacy and individuality, and the composer moves closer to Donizetti. *Luisa* is indeed cast in Donizettian forms—but enriched by all that its composer had learnt in *I masnadeiri* and *Macbeth*, then in *Jérusalem*, and in the "experimental" *Il corsaro* and *La battaglia*. As William Weaver remarks, in a essay that accompanies the album, in a sense all *Verdi's* operas are "transitional." *Luisa* points toward *La traviata* even while it recalls, and enlarges upon, the achievements of its predecessor.

In *I due Foscari* (1844) Verdi had experimented with "leitmotif." In *Luisa*, he practiced a kind of "thematic metamorphosis." The principal melody of the overture is developed there with great concentration and ingenuity, and then at least eight times during the opera, it reappears in further transformations. Budden notes the influence of Mozart, and touches of Schubertian romanticism. There are echoes of Rossini, reminiscences of Donizetti that amount to direct quotation (from *Belisario*), and foretastes of *La traviata* and even *La forza del destino*. But, above all, *Luisa* is an exciting opera in its right, a gripping sequence of numbers that build up as a powerful drama.

Caballé is less trim, less neat and sparkly, in the opening solo than Anna Moffo, but thereafter superb. Luciano Pavarotti is in full, free voice. The top of Milnes' voice loses quality at soft levels, and so he tends to sing everything loudly, but his Miller is a powerful performance. Bonaldo Giaiotti is good as the Count Walter. Richard Van Allan, as the villainous Wurm, hams somewhat. Anna Reynolds, in the small role of Federica, phrases with less individuality than Shirley Verrett. Maag leads a *whole* performance in a way that Cleva did not; Decca offers a drama, RCA a set of good singers in a studio. The clarinet of the "National Philharmonic" deserved to be named, for his numerous important solos are most eloquently played. Lively chorus. Excellent recording.

The BAASF *Traviata* is the soundtrack of an East German television film. The performance is distinguished by Mirella Freni's Violetta, sung with exquisite accomplishment, with grace, and with warm, tender passion. Bruscantini is a resourceful Germont. Franco Bonisolli a rather crude yet ardent Alfredo. Gardelli's conducting is less fine-grained than usual, and the usual "theatre cuts" are made—but for the sake of Freni the set is worth investigation.

Aldwych

The Devil's Disciple

by MICHAEL COVENEY

Shaw's 1897 "melodrama" uses, as Desmond McCarthy pointed out, many of the well-tried tricks of stage convention familiar to regulars in the old Adelphi pit. Dick Dudgeon, the titular hero, substitutes himself for the pastor Andrews when King George's men arrive at a New Hampshire residence to take the town dignitary off to the gallows. Judith, the clergyman's wife, confuses her fascination with the tearaway with this evidence of selflessness: Dick must love her. What she means is that she could love Dick. And Estelle Kohler, giving a vivacious performance of confused hysteria, makes the point by gaining a huge laugh: "I do hate him. I can't get him out of my mind!"

Although set at the time of the American revolution, Jack Gold's production does not fail to allow the comedy to speak forcefully to us about the nature of heroic energy. For while Dick leaps gleefully to the scaffold in the cause of a future and better life for his country, the lucky parson, given a coruscating charm by T. P. McKenna, is off contributing to the defeat of the English. In a spirited final scene, he saves Dick from death by returning just in time, transformed into a man who has found his true vocation in action.

In Act 1 we see Dick's family gathering to mourn the death of two brothers and learn the contents of a will. One of the dead is Dick's father, and his debonair charm in cutting through the family's stifling religious righteousness explains his diabolic position. Tom Conti, cutting a swashbuckling figure in the part occupied in 1940 by Robert Donat, exerts a wholly modern, sarcastic spell on the proceedings, mumbling grace before the will is read, leaping athletically on to the table to proclaim his dedication to the spirit of evil as a preferable alternative to a dead Puritanism that has corroded family life, and expressing real concern for the dirty outcast of an illegitimate niece who shivers in the corner.

The cause and the effect of this unkind Puritanism is sharply sketched in the playing of Patience Collier as the grim Mrs. Dudgeon and of Zoe Wanamaker as the niece, the latter giving full strength to the portrait of an oppressed kitchen waif.

Robin Butlin's sets are superb, the New Hampshire interiors surrounded by period maps and large, hanging pieces of white, wooden house frontages still extant in that part of the world. And the design opens out admirably for the glorious final act in which Dick is brought before the imperious General Burgoyne to answer for himself. John Wood makes a triumphant return to London as Burgoyne, wringing the part for all its humour while vividly suggesting at every news of the rebel successes that the floodgates are indeed about to open.

Other notable contributions are made by Bob Hoskins as the consistently flummoxed Cockney sergeant, Patrick Godfrey as the sheepish, incompetent Major Swindon and by Tony Haygarth as Dick's oafish brother Christy, "the good one." A refreshing and memorable addition to the RSC repertory.

King's Head, Islington

Breaker's Yard

by JEREMY KINGSTON

The premise is that society *requires a timorous and* malleable workforce and therefore brainwashes our children *till they lose the capacity to* rebel. Doubtless those who believe that to be so also suppose *pigs fly, and further that* when they touch down those same pigs turn into police inspectors, schoolteachers and other big bad pig figures.

So much for the premise. Andy Smith's play marches on from there. A suitably cowed schoolgirl is taught to crawl through hoops. After singing verses from a good ballad, "Supermarket Hero," her education ends and she is ready for mating. Similarly, an innocent lad is receiving instruction in sexual desire and the principles of penis power. On now to the Fairy Cavern of Hatching, Matching and Despatching where pantomime figures of authority bring the lovers together, and so to a rousing pastiche of an Edwardian wedding waltz. These songs are very much the more enjoyable features of the show.

Next it's Honeymoon Hotel *where I hoped we would be* shown the contents of the white crate alleged to contain the *slices of their minds removed by* their education. But no, the crate is trundled away, and this *epitomises the play's weakness*: the manipulation of our nation's young has to be taken on trust. *We are shown the behaviour of* robots, not the programming. Certainly it is entertaining to *watch the company belt out a* raucous VE Night street-party number to celebrate the birth *of a baby. But why not devise* some equivalent way of showing what harsh truths there may be *in its likely upbringing? Instead* we have a glimpse of the sort of training that went out with the *eclipse of Truby King.*

The company is Pirate Jenny, new name—with a nod towards Brecht—of the West London Theatre Workshop. They act their many parts with relish, right on to the final No! with which all true Agitprop must end. But the songs have the best of it.

EUROPEAN NEWS

Andreotti presses for broad-based coalition

BY DOMINICK J. COYLE

ROME, July 14.

PUTTING together a new government in Italy could be a slow process but Sig. Giulio Andreotti (57), the man given the task by President Giovanni Leone, is already showing some signs of urgency and also of a desire to build as broadly-based a coalition as possible, at least in terms of prior agreement on a legislative programme.

Sig. Andreotti, and indeed the entire Christian Democrat (CD) Party, would much prefer an actual coalition government with a guaranteed working majority in Parliament. However, this is now immediately less likely, given yesterday's open revolt within the ranks of Italy's third largest party, the Socialists (PSI), partners (often reluctantly) with the CD for more than a decade under the Centre Left formula launched in 1963.

The Socialists' revolt, essentially the result of acute disappointment with the Party's poor showing in last month's general election, has left the PSI without either a General Secretary or a National Executive. The Party's new leaders expected to be elected within a week or so and may not wish to respond immediately to coalition overtures from Sig. Andreotti.

The Prime Minister designate to-day met some of his colleagues in the CD hierarchy and also a number of party technicians for preliminary work on a legislative programme. To-morrow he will outline his general proposals both as to policies and potential partners—to the CD's ruling executive.

The key issue, of course, is whether Sig. Andreotti is prepared, and indeed will be permitted by his own party, to try for a "deal" with the Communists (PCI) who advanced strongly in the elections and are now just over four percentage points behind the CD in terms of the popular vote.

Communist support, or at very least the absence of direct opposition by the party in parliament, is essential to any Christian Democrat-led Government seeking to put through an overdue programme of economic and social reform, or indeed one merely trying to survive in office. However, the CD as a party refused during the election campaign to even contemplate an alliance in government with the PCI.

Sig. Andreotti is expected to have direct talks with Communist leaders at the week-end and early next week to meet with senior trade union officials, the basis of both discussions being the need for a coalition of the various interests in the country behind a series of emergency economic measures.

Securing such an agreement would ultimately be much more in the interest of Italy as a whole than the precise nature of any government under Sig. Andreotti's leadership which promoted the measures in parliament, whether as a coalition or a minority one-party administration.

Hence, what the Prime Minister Designate will be looking for over the next week or two is more a national consensus on policies to tackle the economic crisis (high inflation and unemployment, a serious balance of payments position, pressing international debt commitments, uncompetitive labour costs and general business uncertainty) than an actual parliamentary majority as such.

The Communists, with their strong support in the country and direct influence on one of Italy's two big trade union confederations, hold the real key. Sig. Andreotti must somehow win PCI endorsement—qualified perhaps, and even expressed in parliament through a policy of abstention on important divisions—for his programme, while at the same time not leave himself open to allegations from within his own CD ranks of "selling out to the Communists."

Although pro-American and with established links with the Vatican, the Prime Minister Designate, twice a former Premier and with extensive Cabinet experience ranging over a number of Ministries, has somehow managed during his long career to identify himself with most elements of the Italian political spectrum. He has particularly good connections with the Socialist Party's right wing, but it remains to be seen how he can make out this week-end with the communists.

A formal round table discussion on a legislative programme involving all the political parties except the Neo-Fascist MSI might be more than the anti-Communist right-wing faction of the Christian Democrats could take. Clearly Sig. Andreotti intends starting his delicate negotiations on a bilateral basis, but it is not inconceivable that technical experts of the various parties, and not the leaders themselves, could meet in due course to hammer out some agreed programme.

Sig. Andreotti may also make use of technical rather than political people to fill a number of important and sensitive Cabinet positions, such as Finance and the Treasury, and in any event he is expected to reduce considerably from the Italian average the size of his Cabinet, if indeed he does succeed in forming an administration.

Portugal warned on 'law and order'

By Paul Ellman

LISBON, July 14.

GENERAL Antonio Ramalho Eanes to-day took office as Portugal's President with a characteristically blunt warning that he intends to restore law and order.

"We must eliminate a climate of coups and anarchy," the 41-year-old General told Deputies at the National Assembly after being sworn in as Portugal's first freely elected President in half a century.

Communist deputies sat in stony silence as their colleagues from other parties leapt to their feet to applaud the General, forcing him to halt his inauguration address on half a dozen occasions.

Although the new President did not mention the Communists by name they were clearly in his sights as he listed the many ills which Portugal now has to cure.

The areas the President indicated would be receiving early attention—ranging from the civil service to education system—sounded like a check-list of the political fiefdoms the communists have established in the 26 months since the April 25 coup.

Affirming that economic recovery would be attained only through austerity, President Ramalho Eanes warned workers against "irresponsible demogoguery, and utopian illusions" as well as against "unrealistic demands and forms of action which at this moment can only cause the weakness of the new and democratic Portugal."

General Ramalho Eanes has said he will invite Dr. Mario Soares, the socialist leader, to form a minority government.

In his inaugural address to-day, he pledged he would use his powers as President to ensure that the Government's authority would be obeyed, and warned political groups not to cross the dividing line between "opposition to the Government" and "opposition to democracy."

Agreement by the General to back the socialist plan for a minority government secured all-out support from Dr. Soares and his colleagues for his presidential quest.

The General took 61.5 per cent. of the votes in last month's presidential election after a campaign which centred on his role in crushing last November's left wing coup attempt.

He is expected to invite Dr. Soares formally to form a government by the end of this week and the new Cabinet is likely to be presented next Wednesday.

Recovery in West German economy could slow down

BY ADRIAN DICKS

BONN, July 14.

CONTINUED economic recovery, but at a more gradual pace than during the first nine months of the current upswing, is the prospect suggested by the Bundeshank in its latest monthly economic report.

New orders received by West German industry during May were only 0.5 per cent. higher than in April, the central bank states, although they did show a slightly greater increase, of 2 per cent., above the level for the first quarter of this year as a whole. Compared to May 1975, when the recession was close to its lowest point, there was a 21 per cent. increase.

Although the Bundesbank report indicates a less dramatic rate of recovery from about May onwards—when neither industrial production nor unemployment showed any significant change from April—it also shows that the process is spreading out more widely in the economy.

Thus it records improved new orders in the chemicals and electrical engineering industries, two sectors that have up to now been slow to show much evidence of recovery.

The Bundesbank also notes a slowdown in new orders for cars following the very high spurt during the first quarter.

This cautionary note coincides with publication by the motor manufacturers' federation of the first half year's production figures, which show that West German industry raised overall sales by a full 30 per cent. above the level in the same period of 1975. This figure, which reflects domestic and export sales of just over 2m. vehicles, still fell short by about 7 per cent. of the German motor industry's record performance in the first half of 1973.

The motor manufacturers echo the Bundesbank in recording a marked slowdown in new orders and sales. June sales, at 330,500 vehicles, were considerably down on the 344,160 recorded in May and the apparent peak of 371,130 sold in March. Exports, although up 25 per cent. from the first half of 1975, were at just under half of total sales about 25 per cent. below the 1973 performance.

The Bundesbank report also draws attention to a more rapid rate of growth of the money supply during the three month period up to the end of May than during the three immediately preceding months. The broadly defined money supply M3, calculated at an annual rate, accelerated from 6.9 per cent. to 8.4 per cent. The narrowly defined money supply, M1, consisting of cash in circulation and sight deposits, quickened its rate of growth sharply from 2.4 per cent. to 17.5 per cent. on the same basis.

This reflected, according to the central bank's analysis, an increase in bank credits to companies and to individuals, equal to about DM4bn. in May alone. Public borrowing in West Germany appears, however, to be slowing down markedly, reflecting both an increase in spending that amounted to only 4 per cent. in the first half of this year, and a sharp rise in public revenues that was especially noticeable in June.

In another report published to-day, the Berlin-based German Institute for Economic Research predicts that 1976 will see the first increase in domestic real investment since 1971, reaching perhaps 10 per cent.

The institute, pointing to the incidental benefits of "a recovery without bottlenecks," foresees a rise in industrial production of 6.5 per cent. for the year, with an improvement in use of existing capacity that might then reach 84 per cent., but would still lie well below the "normal" rate of 90 per cent.

'Higher investment rate needed'

BY RUPERT CORNWELL

PARIS, July 14.

A LASTING return to higher levels of investment, something itself dependent on an improvement in company profits and finances, is probably the only long-term solution to the problem of high unemployment which faces West Germany to-day.

This is the most interesting conclusion of the latest report on the country by the Paris-based OECD, which otherwise paints a glowing picture of an economy leading Europe with a strong and sustainable recovery from recession, accompanied by only modest inflation.

Despite a likely growth rate of some 5.5 per cent. in 1976, the Organisation's Secretariat warned that the decline in unemployment from the 1975 average of over 1m. will at best be gradual, and the total will remain uncomfortably high throughout the year.

It is the view of the OECD that German employers will meet higher demand simply by putting men back onto longer working hours. Not only is the existing labour force considerably underutilised, but the previous increase in public sector employment will probably come to an end.

The Secretariat makes the same basic point as did the Bank for International Settlements in its annual report last month, that in Germany as elsewhere the growth of fixed investment has slowed down markedly since the beginning of the 1970s, for reasons which are not entirely clear.

In the short term the Bonn Government is recommended to apply selective measures to help the young, in particular, and to ensure that people coming into the labour market are better suited to the changing requirements of industry. In the longer run, however, company profits must be increased if the fall in investment is to be reversed.

For 1976 at least the omens are propitious. Overall capital spending might rise by 5 per cent. between last year and this, aided by the 7.5 per cent. investment grant of December, 1974. Meanwhile, wage settlements are moderate and the OECD expects inflation to be under 5 per cent. —two factors likely to push corporate profits higher.

New EEC industry chief

BRUSSELS, July 14.

SIGNOR Cesidio Guazzaroni, an Italian career diplomat, to-day took over the post of Common Market Commissioner for Industry, replacing Signor Altiero Spinelli.

Signor Spinelli gave up the job to successfully campaign for a seat in the Italian Parliament in last month's election.

Signor Guazzaroni, 66, was Director-General at the Economic Affairs Department of the Foreign Ministry in Rome from October 1971 to April this year.

He entered the diplomatic service in 1940 and was posted to the Italian Consulate-General in Hamburg and the embassies in Berlin, Washington and Moscow.

From 1951 to 1954 he was Deputy Head of the private office of the Foreign Minister, serving under the late Alcide De Gasperi, one of the founding fathers of the European Community.

From 1958 Signor Guazzaroni was a member of the Italian delegation to the European Community until 1960 when he took over as head of the Italian Foreign Development Aid Office.

From 1962 to 1967 he was the official at the Italian Foreign Ministry specially charged with overseeing European economic integration. Reuter

Polish price moves approved

By Christopher Bobinski

WARSAW, July 14.

THE POLISH Press to-day welcomed the Politburo decision to raise meat and poultry prices by 35 per cent., instead of 69 per cent. as originally proposed, and to put off other price rises until next year. The decision was greeted as added proof of the willingness of the authorities to abide by the wishes of the population.

The Communist Party daily newspaper Trybuna Ludu writes that it is "unprecedented" that in deciding this type of problem "public opinion should be appealed to, that what it has to say should be heard out, that its opinions and suggestions should be respected."

To-day's decision puts up prices paid to farmers for agricultural produce by 40 per cent. for grain, 20 per cent. for livestock, and 20 per cent. for milk, while to-morrow the farmers themselves will have to pay 45 per cent. more for their feedstuff, 30 per cent. more for tractors, and 20 per cent. more for fertilisers.

The sudden decision was prompted by a desire to improve a rapidly deteriorating situation in agricultural production and by the need to stabilise the food market, where a combination of seasonal demand, especially for sugar, and buying prompted by expected imminent price rise decisions had lead to widespread shortages of sugar, rice and other articles in recent days.

It is officially estimated that the price rises will give farmers 12bn. zlotys a year extra income.

Economists guardedly welcomed the decision, which seems to ensure against future large across-the-board increases and which points in the direction of an elastic price policy linked to what are in effect cost of living increases for the population.

But it is recognised that if Poland is indeed on the threshold of this kind of system, the mechanism by which societies come to learn to live with inflation is lacking. Indeed, confidence in official statistics is low and the tone of propaganda over the past few weeks has done little to close the credibility gap between the public success story and privately-felt falling living standards.

Moscow visit

MOSCOW, July 14.

FRENCH Foreign Minister Jean Sauvagnargues arrives here to-morrow on a 24-hour visit to sign a Franco-Soviet agreement to prevent either country accidentally launching a nuclear attack on the other.

The agreement was announced in Paris last month by President Valery Giscard D'Estaing, who said he had decided on the move with Soviet Communist Party Leader Leonid Brezhnev. Reuter

ACP Ministers seeking better deals with Nine

BY ROBIN REEVES

BRUSSELS, July 14.

THE FIRST joint Ministerial council of the European Community and the 46 African, Caribbean and Pacific developing countries signatories of the Lomé Convention, opened here to-day for a two-day meeting, at which ACP Ministers were planning to raise several specific problems.

One source of dissatisfaction on the ACP side is the EEC's interpretation of the sugar protocol, and the price to be paid for the 1.3m. tonnes of raw cane sugar which the ACP countries ship annually, mainly to British sugar refineries. This flared up in the recent sugar negotiations.

Last week, the Community distributed payments totalling 72m. units of account (£45m.) to compensate for the drop in ACPs' foreign exchange earnings from a selective list of commodities during the first year of Stabex operation. In general, the commodities covered are agricultural. The ACPs would like the list extended to certain metals and minerals.

In an opening statement to the meeting, Mr. George King, Guyana Trade Minister and presiding President of the ACP group was sharply critical of the EEC's whole attitude towards the Convention to date.

Besides listing the ACP's difficulties in specific areas, Mr. King expressed the Group's general concern at the progressive erosion of preferential margins resulting from adjustments to the EEC's generalised scheme of preferences, and the EEC tropical products offer in the multilateral trade negotiations. While the ACPs supported the improvement of access terms for all developing countries, these had to be sufficiently selective to take account of the needs of countries at different levels of development, he said.

He warned that the Community's failure, on more than one occasion, to consult the ACPs on matters of grave concern to them, before taking action, was in danger of destroying all confidence in the Convention. The ACP President was particularly incensed about the Community's last-minute refusal to accept Fiji as the venue for the meeting—despite a very long standing invitation. This represented "a serious and regrettable digression from the norms of international conduct," he declared.

AMERICAN NEWS

Carter's conventions: te leaves rather than bloo

BY JUREK MARTIN, U.S. EDITOR

NEW YORK, J

THE DEMOCRATIC Party's national convention last night was not, as it has been in years past, a night of long knives, blood scattered carelessly over the convention floor. Rather, it could be best described as the night of tea leaves, a time when, in the absence of notable events, it was possible to ascertain how well various people stand in the opinions of the party masses.

Just about everybody who is anybody in the party—except Mr. Jimmy Carter, whose nomination will be secured later this evening, and Senator Edward Kennedy—addressed the crowd of delegates in Madison Square Garden. Hubert Humphrey, Edmund Muskie, George Wallace, Frank Church, George McGovern, Wendell Anderson, Michael Dukakis, Ella Grasso, Tom Bradley, Richard Daley and any number of others had their crack on where the party is going and on the platform issues of the moment.

The delegates themselves, however, generally seemed almost indifferent to what was actually being said from the podium, the aisles full of strange people, reporters and officials milling around, uttering sounds and sweet airs that give delight and hurt not: a jangling band in the auditorium rafters intermittently interrupting the social round, the crowd swaying back and forth, charging to the left in unabashed curiosity when Mrs. Jacqueline Kennedy Onassis made her entry, moving to the right when one of television's heavyweight interviewers was found in earnest conversation with a second alternate delegate from Guam or the Virgin Islands.

The key to it all is which speakers got the biggest welcome when he was introduced. This was not entirely an academic matter since several of them were on Mr. Carter's vice-presidential short list, and delegate reaction might help him in his selection. The chances of Senator John Glenn from Ohio, for example, were clearly not helped by his lacklustre performance and reception on yesterday's opening night, whereas Congresswoman Barbara Jordan's speech was such a glittering success that it gave birth to a movement to put her on the ticket before she disowned it.

Senator Hubert Humphrey, not surprisingly, got the biggest ovation, timed at 3½ minutes on

The U.S. Presidential Election

some usually reliable stop-watches. His powder-blue suit matching his power-blue eyes and the powder-blue backdrop on the podium, the Senator was in fine form, extolling the Carter candidacy more vigorously than anybody else, and laying into the Republicans (the New Tories, he said) with gay abandon.

Senator George McGovern, the candidate four years ago, also received a greeting that must have pleased him, a reflection perhaps that though his bid was disastrous he did put before the country some of the issues that now appear to have been correct.

Senator Muskie, bespectacled and dressed in a very natty beige summer suit, tried very hard to set the convention on fire with a storming speech, but few people seemed to be listening. At one stage he thumped his fist on the dais and shouted: "No. No. No." Several people were rather taken aback. Unsure whether he was saying No to an offer of the Number Two spot on the ticket or No to Republican economic policies.

If Senator George Wallace ever thought that there was a conspiracy against him in the party then the events of last night might have confirmed his suspicions. Wheeled on to the platform and perhaps encouraged by a banner which said Wallace For The Supreme Court, saddled with a malfu microphone (unlike s speaker) and could l heard. In fact he ga anti-Government, anti ton speech, barely ref his notes and punchin message in vintage st

Senator Frank Chu Idaho appeared for mu evening to be the only the floor actually list what was going on, le ward, chin cupped in h too, got a nice welcome, one sign reading Pea Potatoes, commending Presidential chances.

Senator Edward Ke barely in evidence: his law, Mrs. Onassis, has only family member to the hall, the Senator c himself with dropping h of Manhattan's many parties.

It must have been galling for him to rea morning's New York Da which just six weeks hinting at his availabili nomination in an articl inspired by him, a stor same journalist sugges he is a political has-be

However, there is serious observation about this convention, w a Nixon-managed Re Party would be pushed for blandness: everybo to be having a good perilously few appear enthusiasm. And this cause for concern in th election. Unity is u people do not vote an work to get others to vo

Many party members considerable reservatio Mr. Jimmy Carter. H this and is not the su complacently in a rock like Tom Dewey. But h easy task in trying to in party whose leadership won: the Democrats hav possessed energy in ab misdirected as it migh times have been, and M has got to tap this sour does not, his taking White House is no conclusion.

IOC urges Taiwan not to qui

BY OUR OWN CORRESPONDENT

MONTREAL, Ju

THE INTERNATIONAL Olympic Committee urged Taiwan to-day not to withdraw from the 1976 Games. Taiwan was to make known its final decision on whether to stay or to go later in the day after having postponed an announcement which was to have been made at mid-day to-day.

In Taipei the Secretary-General of the Taiwan Olympic Committee, Niu Ping-yi, said the idea of a country taking part under the conditions proposed by the IOC was preposterous.

"No country has participated in the Games without its national flag prominently displayed," he said. But the final decision is to be announced by the committee's president, Shen China-min, who is in Montreal.

Faced with Canada's decision to bar the Taiwan team from the country if it insisted on using the name and flag of the Republic of China, the IOC's general assembly on Tuesday night endorsed the earlier proposal of the nine-man executive committee that the team compete as a nameless group using the Olympic flag and anthem.

The IOC president, Lord Killanin, said the assembly "unanimously condemned the Canadian Government" for breaking a promise to admit all invited athletes to the country. "If I had known of this two years ago the Games would have been withdrawn from Montreal," he said. Canada only made a firm position on the issue known in May.

Lord Killanin said the possibility of cancelling the Games was discussed briefly by the general assembly but it was decided that in the interests of the athletes the Games must go on.

Prime Minister Pierre attended the opening general assembly but ski issue in his welcoming He received a subdued from the delegates. Lat day Mr. Trudeau clari Government's decision. " the Taiwanese," he sai they cannot masquerade Government of 800m. peo

● Somalia will not join Games if New Zealan part, the Minister of Lab Sports, Colonel Farah Doulle, said in Mogadish He told reporters the decision was in line resolution passed by the isation of African Unity in Mauritius earlier this Reuter

● "New Zealand is opposed to apartheid i and in every other activity," the Minister of Affairs, Mr. B. E. Talbo today.

U.S. stocks rise almost $2bn

BY JAY PALMER

WASHINGTON, Jul

U.S. businesses seem firmly convinced that coming months will not see any marked slow down in demand for goods, Jay Palmer writes from Washington. This at any rate, is the clear message to be derived from Commerce Department figures released yesterday showing a sharp rise in the level of stocks during May.

Seasonally adjusted stock levels for May were up $1.93bn. to $272.5bn. While this was the fifth consecutive month of gain, the May advance was about double the $1bn. gain reported in April.

The Commerce Department noted that the largest part of the latest rise came from manufacturing, where stocks climbed $1bn. Wholesale stocks rose $829m., while retail stocks jumped only $58m.

At the same time, the department noted that total business sales fell about 0.3 per cent.

Washington printers face strike changes

A federal grand jury in Washington yesterday afternoon indicted seven former Washington Post printers on charges that they damaged the newspaper's presses when their union declared a strike last October, writes Jay Palmer from Washington.

The defendants, all members of Local No. 6 of the Newspaper and Graphic Communications Union, were named in a six-count indictment charging destruction of property, engaging in a riot, inciting to riot, assault with a dangerous weapon, larceny and grand larceny.

Following the start of the strike, the Washington Post estimated that damage to its presses exceeded $300,000. The newspaper later said that total damage caused by the strikers was about $1m.

Although the union remains on strike against the newspaper, the Post has now long since replaced the strikers with non-union employees. After having briefly only published a smaller paper by printing elsewhere, normal production and a full-sized paper are now continuing daily.

Schmidt-Ford talks

International terrorism will be high on the agenda when West German Chancellor Helmut Schmidt begins talks in Washington to-day with President Ford, Reuter reports. U.S. and West German officials said Herr Schmidt, President Ford and Secretary of State Henry Kissinger will discuss new European initiatives to combat the international guerilla.

Nuclear waste plan

A U.S. Government official says an international police force should be developed to protect nuclear wastes and their disposal sites from terrorists, AP-DJ reports from Denver.

Mr. Russell Peterson, chairman of the Council on Enviro Quality, said the force wo have to be limited to already possessing nucle nology and could be an ex of the International Energy Association of the Nations. He said the Nations also could be con to help pick out prime sp joint reprocessing and d sites.

Mr. Peterson said he h discussed his views with Pr Ford, but would bring matter with Mr. Robert Se administrator of the U.S. Research and Developme ministration (ERDA).

U.S. savings bond

Second quarter savings sales trailed those of th quarter, but still were th of any second quarter on r AP-DJ reports from Wash Combined sales of Series E bonds totalled $1.92bn., from $1.98bn. in the first q but well above the $1.76 1975's second quarter. previous best second quart in 1974, when sales t $1.81bn.

Brazil exports rise

Brazilian exports in totalled more than $1bn increase of about 40 per over the year earlier mont Finance Ministry said, reports from Brasilia. Ministry attributed the inc exports to higher shipmen soyabeans and coffee.

Jamaica reduces ceiling on imports

BY CANUTE JAMES

KINGSTON, July 1

IN MOVES to revive the battered Jamaican economy which the Prime Minister, Mr. Michael Manley, last night told Parliament was facing "a very serious crisis," the Jamaican Government is reducing the target ceiling on imports from $J846m. (£501m.) to $J820m.

Stiffer penalties will be imposed for illegal export of currency which a Government minister said recently has cost the island $200m. in foreign exchange over the past three years. The Prime Minister said the Government was taking action to prevent economic disruption. While talks were taking place with the island's trade unions, action was being taken to deal with industrial action such as taking spurious "sick leave."

Under the regulations of the state of public emergency declared here over three weeks ago strikes and "sick outs" in a wide range of economic areas are forbidden. Steps are being taken to restart all stalled public sector construction projects, and to expand agricultural pr tion, and more funds are provided to stimulate pr sector manufacturing, Mr. Ma said.

The Prime Minister blame island's wave of crime and lence for being one of the m causes of the islands econ crises.

The Financial Times, published daily Sundays and holidays. U.S. subscri $167.00 (air freight) $434.00 (air mail annum. Second class postage paid at York, N.Y.

WORLD TRADE NEWS

EC wins new S. African order

RNE BARLING

rbine Generators has 0m. follow-up contract y generating plant to Africa, bringing the ler to about £120m. est of its kind ever 1 Britain.

econd contract comes e British industry is a severe lack of because of delays in Electricity Generating ans for new capacity. aid it was negotiating export orders in other the world to fill the ie home market.

A letter of intent has been received from the Electricity Supply Commission of South Africa for the supply and erection of three 600 MW turbine generators and auxiliary plant for the Duvha power station in the Transvaal.

Competition

The new order, which will be completed in the early 1980s, follows one obtained in 1975 for three similar units for the same coal-fired power station.

GEC said yesterday: "A major factor in ESCOM's decision to order further plant from GEC has been the significant progress already achieved on the first three units, which are proceeding ahead of programme."

The orders were won against competition from Japan, Germany, France and Switzerland. They bring the number of 600/660 MW units on order to 22.

The Duvha station will have a larger capacity than any planned power station in Britain, although the units are based on GEC's standardised design. They will be made in Manchester, Stafford and Rugby.

GEC said its success had been helped considerably by its main sub-contractors, including F. H. Lloyd, North British Steel, Firth Brown and the British Steel Corporation.

Almost all the work in South Africa will be carried out by British technicians, although the heat exchanger will be supplied by a local company.

Fairey in £55m. jet deal

By Michael Donne

FAIREY SA, the Belgian subsidiary of the U.K. Fairey group of aerospace and industrial companies, has reached agreement with General Dynamics of the U.S. on a $97.8m. (about £55m.) contract for co-production of the F-16 combat aircraft in Belgium.

This follows the announcement earlier this week that Fokker-VFW, the Dutch-based sector of the Dutch-German VFW-Fokker group, had signed F-16 agreements with General Dynamics worth $190m.

General Dynamics said in St. Louis, Missouri, yesterday that under the Belgian deal, Fairey, together with Sabca, another Belgian-based aircraft company, will assemble 116 F-16 aircraft for the Belgian Air Force, and up to 58 aircraft for the Danish Air Force.

Fairey will also assemble aft-fuselages, and make detailed parts for the fins, for more than 500 F-16 aircraft. The production programme will begin immediately, with delivery of the first *components scheduled for* February, 1978.

Fairey will also undertake engine and nose landing-gear work for up to 174 F-16s for the Belgian and Danish air forces.

The Fairey contract is a major step in the implementation of the F-16 co-production agreement made last year between the U.S. Government and the four European countries, Belgium, Holland, Denmark and Norway, which selected the F-16 in what was described as "the arms deal *of the century*."

VW agrees on U.S. plant

BY OUR NEW YORK STAFF — NEW YORK, July 14.

VOLKSWAGEN, the West German car maker, and the Pennsylvania state Governor's office announced to-day the signing of a preliminary agreement *whereby the company's* first U.S. plant will be built in the Pennsylvania town of New Stanton.

Both parties have initialled the agreement inspite of one outstanding point—that of the financing for the company's equipment, which amounts to $135m.

Last week two Pennsylvania pension funds came forth with offers in that amount, but attached to it an interest rate figure of 9 per cent., a figure somewhat higher than that Volkswagen had been hoping for.

Both the Governor's office and Volkswagen are confident that this point will be ironed out in negotiations in the coming weeks, and so have proceeded "in good faith."

The signing follows several weeks of negotiations with both Pennsylvania and Ohio, the other state which had come under consideration for the new site. Finalisation can be expected some time in August.

Audi's executive range challenge

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE VOLKSWAGEN Group is planning to mount a stiff new challenge in the executive car market with a large-scale expansion of capacity for its replacement for the Audi 100 model.

Herr Toni Schmuecker, the VW chairman, said in London yesterday that the new car would be made at the rate of about 250,000 units a year, about twice the rate of the present model. This is well above the rate at which the new Rover 3500 will be produced — output of the Rover could go up to about 150,000 units a year—and is an extremely high target for any car in this class.

Herr Schmuecker said that the expansion plan is based on predictions of a general increase in the car market, and hopes of conquest sales from the top range of Opels, the medium-range BMWs and smaller Mercedes.

But the Audi plans clearly indicate that the competitive pressures in this part of the market will increase. Apart from the Audi, this year has seen the launch of the new Rover and Lancia Gamma; and last year saw the arrival of the Peugeot 604, the Renault 30 and the Volvo 264, all of which have some competitive overlap.

Herr Schmuecker agreed that within the general context of a rising European market—VW believes that it will grow by between 8 per cent. and 10 per cent. by 1980—the most striking expansion will be in the "mini" sector. This is the view that Ford has backed in its decision to make the new Fiesta.

The new Audi, expected to be a slightly more luxurious car than the present model, and due to be launched in Germany next month, will come in three engine versions, at 1.6 litres, 2.0 litres and 2.2 litres. The largest engine will be in an extremely unusual 5-cylinder configuration

Herr Schmuecker also said that he expected the finance for VW's new plant in the U.S., which has been costed at DM500m., will be raised on both sides of the Atlantic.

EEC warns on Japanese imbalance

TOKYO, July 14.

EEC Commissioner Mr. Finn Olav Gundelach warned to-day that the Common Market trade deficit with Japan had reached a danger point. The $3.2bn. deficit last year was likely to increase to $4bn. this year, Mr. Gundelach said.

The Commissioner, in charge of internal markets and customs unions, said the first responsibility lay with European industry, which had neglected Japanese markets because of language and cultural differences. Reuter

. Germany enjoys pid rise in trade th East bloc

RIAN DICKS

GERMANY'S rapidly conomic relations with ialist countries has ie point where they are by far the largest part erall surplus on pay- l absorbing more than ts exports of capital, to figures issued to-day Bundesbank in its eport.

ear, when the overall eclined by DM16bn. to the surplus on trade Socialist countries in- y DM2bn. to DM9bn., al Bank writes. These not include West Ger- e with East Germany, r both political and reasons is separately s inter-German trade.

tively, West Germany ved surpluses of more 2bn. with the Socialist since 1972, with f this earned in trans- vith the Soviet Union 6bn. in those with While Poland, together iania, has succeeded in g the gap to DM1.9bn. r, the West German vith Moscow rose to an record of DM4bn. in

first quarter of this Bundesbank records, us against the Socialist countries as a group was DM200m. lower than last year, at some DM2.1bn., but "it remains" nonetheless extraordinarily high."

The Central Bank explains this performance partly in terms of German businessmen's search for new markets during the slower phase of the Western industrial economy over the past year or two. It points out, too, that trade in the reverse direction, which rose by 89 per cent. between 1971 and 1975, has increased far more than overall West German imports, albeit far more slowly than West German exports to the Eastern bloc.

The Bundesbank appears to be sounding a discreet warning note in its reference to the DM20bn. of debts by the Socialist countries to West Germany (which, quoting other estimates, it reckons to be about one-quarter of their total debt to the West). While about half of this enormous figure is covered by official guarantees, the Bundesbank draws attention to the heavy borrowing by the East European Governments on the Euro-markets, and reminds West German banks that the ultimate risks incurred by the loan activities of their subsidiaries in Luxembourg could ultimately fall on their parent banks.

Hungarian co-operation

BY PAUL LENDVAI — VIENNA, July 14.

HUNGARY HAS so far concluded 226 joint ventures with Western companies, but only 7 per cent. of these projects concern co-operation on third markets. This was stated by Mr. Istvan Torok, Hungarian deputy Foreign Trade Minister, at a Press conference in Budapest.

Since the signing of the first contract for co-operation projects in 1965, the Foreign Trade Ministry has issued 410 permits for such contracts of which 226 have been so far realised. While in the past Western German *companies* were the *major* partners, lately a growing interest has been shown by Austrian, French, Italian, Swiss, Swedish and Finnish companies in broadening co-operation with Hungary, the Minister said.

The economic plan for this year reckoned with an increase of 10 to 12 per cent. in Hungarian exports *to the convertible* currency area and a rise of 7 to 8 per cent. in imports from the same source. The signs of a new upswing, coupled with growing personal consumption and the build-up of stocks in the capitalist countries, provide somewhat more favourable conditions for the fulfilment of Hungary's planned targets.

Hungarian exporters anticipate an upward trend of deliveries to the West which by the end of May had already equalled the previous year's levels. Exports of chemicals were up, but sales of machinery suffered setbacks on the Western markets. Imports from the West in all sectors were running at lower levels than during the first five months of 1975.

lish-Swiss coal pact

AVID LASCELLES

AT is believed to be ly one of the largest t co-operation ventures cluded a Polish state e and a Swiss engineer- pany have got together op the coal resources hird World.

olish overseas mine con- company Kopex and l Engineering Corpora- Geneva announced yes- *etails of an agreement* ast month in Katowice. will provide the re- and equipment for open- new coal reserves, and l Engineering, one of nd's two largest ing consultants, will the coal utilisation and energy development techniques.

The two organisations say that there is large scope for coal-based energy development in the Third World, and that coal is expected to replace over 30 per cent. *of the present oil and gas* market there over the next ten years.

The first contract has already been signed between the two organisations and Peru for the development of a coal-mining *and energy complex at Alto* Chicama with an installed capacity of 480 megawatts. There is, as yet, no price tag on the deal, but specialists believe it could total $300-$400m., of which $200-$270m. would be the power station. Construction could begin in 1978.

igoslav export boost

BELGRADE, July 14.

AVIA IS drafting a law ate exports, provide for ibility of Yugloslav in- s in foreign companies e trade with developing i.

aw, to be presented to nt for debate soon, pro- setting up joint econo- esentations abroad, thus sing individual concerns that often compete with each other.

Under the new law the majority of business done by Yugoslav concerns abroad will have to be in exports of goods and services from Yugoslavia. An exception to this and other terms will be made for non-aligned countries and developing countries for which the Government will have the authority to reduce such obligations.

Bridget Bloom examines the background to the latest crisis threatening East Aftica.

Amin casts around for a scapegoat

THE DARING Israeli raid on Entebbe airport, the fate of the hapless Mrs. Dora Bloch, and the possibly very real dangers confronting some 500 Britons still in Uganda have made headline news in much of the western world during the past 10 days. But behind these events concerning one of Africa's key strategic areas lies potentially the most serious crisis East Africa has faced in the dozen or more years of its independence.

A most complex series of issues are at stake. In the forefront, hangs the possibility of armed conflict between Kenya and Uganda. But also in the balance is the fate of the East African Community, in which Uganda, Tanzania and Kenya are increasingly tenuously linked; the stability of the whole of the Horn of Africa; and relations between the U.S. and the Soviet Union, and between them and African states.

In the 5½ years since Idi Amin seized power in Uganda, East Africa's own fragile stability has been under more or less constant threat from what has proved to be Africa's most volatile, unpredictable and brutal regime. Within six months of Amin's coup in January, 1971, Uganda and Tanzania were poised on the edge of armed conflict.

There have been constant crises over the running of the joint services of the three nation Community, while continuing streams of refugees—greatly expanded in the current crisis—have sought escape into Tanzania and Kenya from a system which has depended for its survival on the most brutal elimination of all forms of opposition.

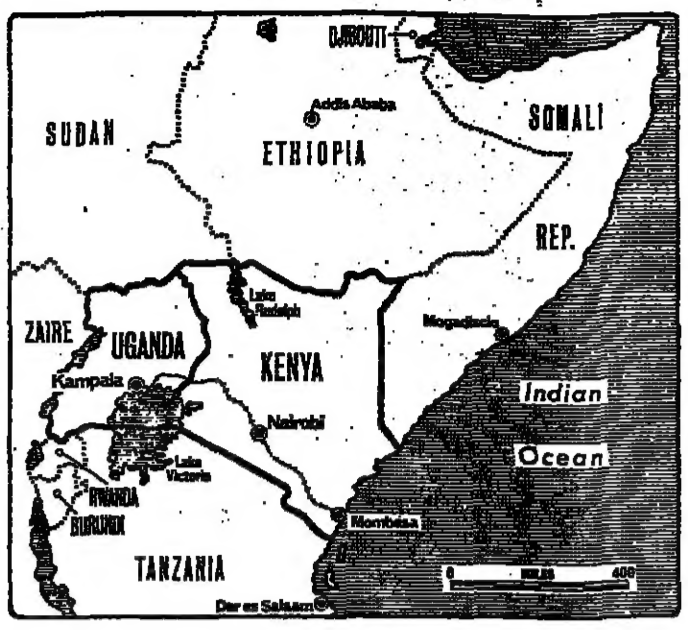
That these crises have so far been contained is principally a tribute to the patience of the Kenyan and Tanzanian leadership. Both have certainly wished Amin gone; Tanzania in 1972 even backed an abortive attempt by troops of the former President Obote to overthrow him. But both President Nyerere and President Kenyatta decided in the end that restraint was needed in the interests of the stability of their own countries, as well as of the region as a whole.

To-day, their attitude is not basically different. The question is whether, in the light of the greatly heightened crisis following the Israeli raid on Entebbe and the events which led up to it, the crisis can be contained.

No one yet knows precisely how Amin, capricious, unpredictable and emotional, will react to the humiliation of the Israeli invasion. Amin has actually said—in a telephone conversation with the now retired Israeli Colonel Baruch Bar-Lev, until 1971 a close friend and chief of an Israeli defence mission in Uganda—that as a military man he admired the courage and efficiency of the raid.

Glyn Genin

President Kenyatta: furious.



As a President who likes to consider himself invincible, however, he is clearly deeply embarrassed, in his own eyes, in the eyes of his countrymen and, at least privately, in the eyes of many other African leaders. Largely because of the way he has been pilloried in the Western world, they have in the past at least been prepared publicly to support him.

Few doubt that Amin's wounded pride will force him to seek revenge, and to find scapegoats. The process has already begun. It seems certain that Mrs. Bloch, the British Israeli hostage left behind in hospital in Kampala, was murdered at the instigation, if not of Amin, then of some of his army of sinister gunmen. Civil aviation officials in charge of the Entebbe control tower were summarily shot within hours of the raid. Col. Toko, Ugandan head of East African Airways (a jointly owned line) would have certainly suffered the same fate had he been in Uganda. As it is, he has been summarily dismissed on Amin's orders.

Meanwhile, Kenya has become number one scapegoat. Whether or not Kenya was consulted by Israel before the raid is open to question: Nairobi has denied it, just as it has roundly denied Amin's charge that it is holding in jail Palestinians, intent on sabotaging El Al's use of Nairobi. But Kenyan citizens in Uganda (and such has been the freedom of movement within the East African Community in the past that there are still far more Kenyans there than, for example, Britons) are, in the words of Foreign Minister Waiyaki being "hunted down, tortured and murdered."

As a result of the past two weeks' events, President Kenyatta's patience with Amin has finally snapped. Relations had been on the point of breakdown for months, the almost final straw coming in February, when Amin, by claiming that part of Kenya's territory belonged to Uganda, touched Kenyatta on his rawest point—that of land. But while at that time the Kenyan President was tough in his rebuttal of all the claims, in the past two weeks characteristic Kenyan caution has been abandoned and no holds have been barred in official and press condemnation of Amin's brutality.

The most immediate question is whether there will be armed conflict between the two countries. On paper, the two armed forces are not well matched. Kenya has 8,000-10,000 men under arms, a handful of Saladin and Ferrets, and a few rather ancient combat aircraft. Amin is thought to have around 20,000-25,000 with about 25 medium tanks, several dozen armoured personnel carriers, and (after the destruction of at least 11 by the Israelis) about 20 combat aircraft, mainly Mig 15s and 17s.

However, this apparently huge difference in formal armament is to an extent countered by the greater efficiency and preparedness of Kenya. It is doubtful, for example, whether Amin has the pilots to fly more than a handful of the Migs, and even more dubious whether he has the fuel to mount a land or air invasion. "He might just get a few miles inside Kenya and then run out of petrol," one official said. And the only source of fuel, since Kenya controls Uganda's access to the sea, would be an airlift—perhaps from Libya.

In terms of both sides' foreign support, Libya is certainly the least known quantity. Amin has received money from Libya, and there are reports of some Palestinian pilots from there. But there is no confirmation of last week's reports of the arival of a dozen Mirage fighters and on balance, it seems unlikely that Col. Khedaffi would make an open ended commitment to help Amin in the event of war with Kenya.

That certainly seems true of Amin's other backers, and indeed those of Kenya too. The Soviet Union has supplied Uganda with arms and a small training mission, but the Russians have a more secure ally, Somalia, in the area. Kenya has long standing relations with Britain, which has trained its forces and supplied arms, but Foreign Office officials deny that the defence agreement which once provided Kenya with back-up support in its campaign against Somalia shiftas (guerillas), could in anyway imply a commitment to help the country out of it was attacked by Uganda.

Neither does it seem that the U.S. intends an open ended commitment to Kenya, although observers see the stepping up of U.S.-Kenyan military co-operation as of potential longer term significance for the whole of North Eastern Africa. For the time being, the loan to Kenya of at least one reconnaissance aircraft from the newly operative Diego Garcia base, plus the presence of one frigate in Mombasa and six Seventh Fleet ships offshore seems intended primarily to boost Kenyan morale, scare Amin (and perhaps warn off the Russians).

In the wider context and slightly longer term, the current tension in East Africa has worrying implications. Already there are grave sources of instability further north. President Nimeiri in the Sudan, Uganda's northern neighbour, has only just survived the second coup attempt in under a year. Ethiopia's leaders have just ordered the shooting of 18 alleged coup-makers, while the revolution in that country is far from consolidated and the war in Eritrea continues unabated.

As for the true "horn," Ethiopia's weakness has already boosted those Smalis who would like to take over the territory of the Afars and Issas, with its strategic port of Djibouti, when it gets its promised independence from France.

The preoccupation of Kenya with Uganda could only make such action more likely. Somalia's heavy involvement with the Soviet Union, with its large base at Berbera, has already been partly responsible for the American military build-up in Diego Garcia, and it seems clear that the present U.S. commitment to Kenya, however small, can be seen in the context of Defence Secretary Rumsfeld's announcement last May that the U.S. would match the Soviet build-up in the whole area.

On balance, open war between Kenya and Uganda at this time seems unlikely, if only because Uganda probably cannot mount it, Kenya does not want it, and neither, above all, do their allies. But border incidents certainly cannot be ruled out, and neither can pre-emptive strikes against specific Kenyan targets. One danger said to worry Kenya is that with Ugandian help, one or other of the Palestinian organisations might try precisely that.

But if predictions of the wider effects of the present crisis are difficult, there seems little doubt that it spells the end of current attempts to preserve what is left of the East African Community. In the past, the Community has been one of the most positive and hopeful developments towards regional African unity. A hangover from British rule, the three member states signed a new Treaty in 1967 providing for a large number of common services, as well as a common market.

President Idi Amin: "capricious, unpredictable, emo

No one could say it has been an enormous success—the advent of Amin, plus the more normal tensions of nationalism have seen to that. But the work of an interstate commission, now reaching a crucial stage in its endeavours to draw up a more suitable Treaty, seems doomed, at least for as long as Amin is around.

The key question, of course, and not just for Ugandans and other East Africans, is how long Amin will now last. In many ways, it is unanswerable. It is wrong to think of Amin as never having had popular support—his action against the locally unpopular Asian community was acclaimed by many ordinary Ugandans (and Africans elsewhere) as has been his nose-thumbing attitude to much of the western world. His brutal despotism has earned him thousands of enemies, but his cunning, reliance on his gunmen, and luck in the face of many would-be assassins' bullets have so far preserved him.

His methods have reduced once prosperous Uganda to a shadow of its former self, but not yet to such desperate straits as to provoke mass uprising. The country's main exports are coffee, cotton and copper. While copper is now drastically down, the first two are pro peasant farmers who though reduced sub still get to market and foreign exchange. Ve commodities — like pet desperately short, but can still eat.

Kenya, in particular, forgiven if it is now w what it can do to short political life. One obv is an economic b Nairobi has already a that no Ugandan good carried unless prepaid i currency. Though it carry less weight, one h past to more active c against Amin has been that his successor, give brutalised army, might worse.

There is no obvious of the current crisis. are also additional com with potentially eve ramifications. Whateve look like from Eur North America, in A Israeli raid has revived of the West as conquer

On one level, Africa may admire the Israeli and efficiency. But they profoundly worried.

It is doubtful wheth is a single African Pre military leader who ha vately wondered whe forces could withstand raid. Africa knows t weak, and the Israelis, ally and cruelly, remin of that fact. The result be to make independent relations with the W more sensitive.

White girl killed by Rhodesian guerillas

By Tony Hawkins

SALISBURY, July 14.

AN eight-year-old white girl was murdered by guerillas when they ambushed a car on the main road some 40 miles south of Fort Victoria on the main road to Beit Bridge on Tuesday afternoon. Five people were injured in three separate incidents in which cars were ambushed.

In the attack in which Rene Trenet Du Plessis was killed, her father, her three-year-old sister and a family friend aged 18 all received minor injuries.

In separate incidents a white man who was travelling alone was injured and in the third attack an 11-year-old white boy was wounded. In both cases the injuries are described as "serious."

The attacks occurred as holidaymakers were returning home at the end of the four-day-long Rhodes and Founders Holiday week-end.

The Government spokesman confirmed also that the incidents all involved Rhodesians and not tourists from South Africa. On Easter Sunday this year three South African motorcyclists, touring Rhodesia, were killed by guerillas on this main road, since then, convoys have been in force

In a separate incident it was confirmed that another attempt has been made to sabotage the railway line between Rhodesia and Botswana. The blast occurred less than half a mile inside Rhodesia

THE AGONY OF TEL AL ZAATAR

Palestinian grit amid rotting corpses

BY MICHAEL TINGAY

BEIRUT, July 14

MORE THAN three weeks after the siege of the Palestinian refugee camp of Tel al Zaatar was first imposed by the militia of the National Liberal Party (PNL) the inhabitants of the camp are still grimly holding out. Inside, probably 300 or more trained guerilla fighters and up to 10,000 men, women and children remain alive, the original population of 40,000 having been reduced by emigration and, in the past month, huge numbers of dead.

According to estimates from the Red Cross and an interview with a prisoner from besieged camp, the inhabitants are living with at least 1,000 rotting corpses and almost as many badly injured whose wounds are being treated now only with salt and water are septic and gangrenous.

During the siege the Christian militias—mainly the PNL but supported from the start by extreme right-wing guardians of the Cedars and subsequently the Phalangists—at times have thrown 1,200 men into the assault. With 155mm. cannon cover from the hills the force has usually numbered from 400 to 800 according to the intensity of battle. PNL leaders say that during the siege the Christians have lost 75 dead and 135 wounded of their crack "Noumour" or Tiger, fighters alone. Reliable sources say the Tigers, who trained in Jordan, total 1,000.

Tel al Zaatar is a residual bastion of Palestinian and left-wing Moslem presence in the Maronite Christian enclave of Lebanon at the bottom of one of the long ridges stretching down from the mountains above Beirut. The guerillas and their allies used to control the salient and two valleys on either side. At the foot of the mountains the camps of Jizra al Pasha (which fell last month) and Tel al Zaatar lie on either side of 100 or so factories in East Beirut's industrial quarter.

This entire area was linked by the ridge to Moslem-populated mountain territory centred on the resort of Aley, 12 miles south-east of Beirut, which is the headquarters of Mr. Kamal Jumblatt, leader of the Lebanese Left and Moslem Progressive Alliance. This territorial link was cut by Christian forces who have pushed two kilometres down the mountains, village by village and building by building.

In their campaign to drive the Palestinians and their allies from the Christian redoubt, the PNL militia assisted variously by other right-wing militias have now reduced the Tel al Zaatar area, which used to cover about six square kilometres, to a kidney shape about two kilometres long with a hard-defended core of 100,000 square metres. Around it, defenders control a large area with snipers which creates a constantly changing no-man's-land.

The critical period came last week when the attackers took a 150 foot high bunkered hill nearby. From here the defenders had been able to confine the attackers to the factory quarter up hill from the main body of the camp. It also gave cover down to Beirut on its other side.

Now a heavy calibre machine-gun on the hill facilitates the painful Christian advance across no-man's-land. From within the camp the population, and guerillas still have 20 underground bunkers, two churches and an inner system of trenches for shelter. The fortress style of the camps developed when Israeli planes used to bomb and strafe deep inside Lebanon. The Cairo accords of 1969, which were reached under Pan-Arab auspices, gave Palestinian guerillas the right to armed defence within the refugee camps and enabled them to develop this immense defensive capacity.

Even so, the guerillas have probably lost about 700 dead in the siege. They now have only one of the four 23 mm. anti-aircraft guns originally in action as well as rocket-propelled grenades, machine-guns and other automatic weapons.

A. Syrian living in Tel al Zaatar, gave himself up to besieging forces yesterday. He described conditions inside the camp: "There are still about 300 to 400 fighters and 6,000 to 10,000 civilians. There is no more bread and the few remaining medical supplies are for the fighters. There is water from a pipe in Ras de Queni. There are more than 1,000 bodies. They lie where they are or are put under the buildings. One day before the fall of Telet el Mir there were 250 dead in one day. There are thousands of wounded, about 700 badly. Wounds are treated with water and salt. The 20 shelters are not enough for everyone."

For the Maronite Militias, the reduction of Tel al Zaatar is important because it is the last important "alien" outpost in their territory. For the guerillas, that camp is a symbol of inspirational Palestinian resistance against unimaginable odds. After its fall, the dead will be treated as martyrs. Observers believe Palestinian leaders have already accepted the inevitable loss of the camp and understandably wish to keep the maximum political benefit.

According to right-wing sources here, this is exactly why the PNL is not finishing off the camp. They know it would be difficult to stop a wholesale massacre by their troops and want to avoid accusations of butchery. But an all-out attack to overrun the camp could mean another 100 Christian dead. Distaste for such losses is certainly extending the agony of Tel al Zaatar.

Call for more aid to Asian countries

By Our Own Correspondent

MANILA, July 14.

DEVELOPING countries in Asia would need a minimum of $18bn. in foreign assistance in the year 1980, the President of the Manila-based Asian Development Bank (ADB), Shiro Inoue, said here to-day as he called for increased assistance to these countries from the developed world.

Speaking at the opening of a Press seminar sponsored jointly by the ADB, the World Bank, the United Nations Development programme and the Philippine Government, Mr. Inoue pointed out that the per capita incomes of the ADB's 25 developing member countries ranged from $70 to $2,000 and that as a result of the world economic crisis their balance of payments deficits had aggravated.

Total current deficits of Asian developing countries, he said, sharply increased from $3.5bn. in 1973 to $10.9bn. in 1974 and to about $13.2bn. in 1975.

Even to ensure a modest annual growth of five per cent., the region, excluding India, would require a total of $18bn. in foreign aid in 1980 compared to $13bn. in 1975, Mr. Inoue said.

According to Mr. Inoue, ADB lending itself had approached the $3bn. mark after nearly ten years of operations and the Bank's yearly lending was projected to increase further from $800m. in 1976 to $1,300m. in 1980.

Zambia-Tanzania railway handover

BY OUR FOREIGN STAFF

THE CHINESE-BUILT railway connecting Zambia with the Tanzanian port of Dar es Salaam was to-day officially handed over to the two African countries by Chinese Vice Premier Sun Chien.

The 1,860 km line, which has been in trial operation since last September, is now carrying the bulk of Zambia's copper exports and a large percentage of Zambian imports.

The handover ceremony was witnessed by President Kaunda and Tanzania's President Nyerere. Commenting, President Kaunda said that China's assistance might have "embarrassed us were it not for her clean record . . . in the struggle for liberation."

At the present time, there are some 1,000 Chinese technicians manning the line. They are due to be phased out in two years, once locals are trained to take over from them. An additional Chinese loan of Kwacha 36m. is to finance training and other programmes.

According to Zambian sources, the railway is now working to present capacity of some 4.5m. tonnes a year. Eventual capacity of over 7m. tonnes is planned. Over 60,000 tonnes of exports and nearly 50,000 tonnes of imports were carried in May.

Given that until now it has been operating on a trial basis, the railway has been markedly successful in helping over its acute transpo lems, particularly si August's closure of the railway, which had carr 50 per cent. of copper

According to sources port of Dar es Salaa heavily clogged with goods, is now virtual with only some 6,000 awaiting shipment. Mor well as Mozambique an ports, while handling m Zambian traffic, are also be clear.

Prisoners shot

Two African prisoners w dead and three wound they tried to escape from ing party at the Brandvl near Cape Town, a Department spokesman terday, according to a report.

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New hope for talks in Lebanon

BY IHSAN HIJAZI

BEIRUT, July 14.

AGAINST THE background of continued fighting here, the stage may now be set for two-way talks for solving the 15-month old Lebanese civil war.

The Arab League resolution, adopted in Cairo late last night, spoke of the willingness by Syria and the Palestine Liberation Organisation to enter into negotiations to normalise relations between them.

Rival Lebanese factions have shown guarded desire to begin contacts to solve the Lebanese-Lebanese aspect of the crisis. In anticipation of the hard bargaining ahead, all parties concerned have been trying to improve their military position on the ground.

Movement by Syrian troops in the past 24 hours has been the most significant. Syrian tanks, armour and infantry have fought their way into the Moslem town of Baalbeck in the Bekaa Valley in the east of the country, while other Syrian troops have been engaged in activity in the east and southern parts.

Eye-witnesses said Syrian tanks are now dug in in the area where Baalbeck's famous Roman ruins are located. Syrian forces stationed at the resort of Sofar in the mountains east of here have blown up an important bridge which Palestinians and left-wingers used for bringing in supplies and ammunition, according to left-wing sources.

Reports conflicted as to the movement of Syrian forces stationed in the hills east of the southern port of Sidon. Some said that one Syrian battalion had pulled out of there and that the rest will withdraw soon in fulfilment of a promise said to have been given by Damascus to the Libyan mediator, Premier Abdel Salam Jalloud. Other reports said Syria has actually sent reinforcements there.

Informed sources believe that in entering Baalbeck, Syrian troops wanted to complete their control on the entire Bekaa Valley. For it is there that the Syrians intend to keep their forces until the Lebanese crisis is fully settled. They indicated that they are willing at one stage or another to withdraw their forces from the south and east, and from Tripoli in the north.

Right-wing forces have reached the southern approaches of the Moslem port of Tripoli and appeared to be satisfied with staying there. Their main problem remains the capturing of the Palestinian camp of Tel al Zaatar in the outskirts of Beirut. They have seized the areas around the camp but appeared reluctant to move into the camp itself because of the high casualty toll they may have to pay.

Yesterday, the head of the military council of the right-wing Phalangist Party, Mr. William Hawi, was killed in the Tel al Zaatar front. The killing led to intensification of right-wing shelling of the camp.

Palestinian sources have admitted their losses, especially to Syrian forces. They emphasise, however, that they will eventualy deal what a spokesman described as the "counter-punch."

Guerilla leaders have insisted on a time-table for withdrawal of Syrian troops from Lebanon before they could begin talks with the Syrian regime.

On the strictly Lebanese level Moslem and Christian leaders in the Moslem districts of Beirut have formed the "National Union Front" and, according to Press reports to-day, intend to begin contacts with the Right-wing bloc situated in the Christian port of Jounieh.

One of the main leaders in the bloc, Mr. Pierre Gemayel, has called for a conference of Moslem and Christian religious leaders to set the stage for a national reconciliation and ending the crisis.

Journalists on strike in New Zealand

New Zealand journalists started a 48-hour strike yesterday to press their demands for improved working conditions, Reuter reports from Wellington. Newspapers in the northern part of the North Island were not affected by the stoppage as they are members of of separate union. The New Zealand Journalists Association said the dispute arose over employers' refusal to agree to new proposals on annual holidays, sick leave, redundancy and other conditions.

Bangladesh floods

Relief teams yesterday stepped up the evacuation of some 200,000 people marooned by monsoon floods in north-eastern Bangladesh, Reuter reports from Dacca.

Sudan trial

At least 50 people involved in the recent abortive coup against President Jaafar Nimairi will go on trial soon, according to an interview with the Sudanese chief of staff in Al Ayam newspaper, UPI reports from Khartoum.

Developing grants

The Common Market Commission yesterday announced grants worth over 43m. units of account ($52m.) for a number of projects in developing countries, Reuter reports from Brussels.

اقتصاد الدول

HOME NEWS

...ipbuilders start drive ... bring in more orders

...N WYLES, SHIPPING CORRESPONDENT

SHIPBUILDERS' ...committee has been ...British and foreign ...bout joint ownership ...designed to supply ...ied orders for home

...mittee, which will be ...for running ship- ...after the industry's ...tion, sees joint owner- ...ngements and new ...eals with nationalised ...such as British Steel ...r source of new busi-

...ure

...nership would be an ...departure for the ...g industry, whose in- ...companies have tradi- ...hied away from the ...nearest approach has ...t of Austin and ...on Wearside, whose ...cessful SD 14 design ...eered by its parent ...company, London and ...Freighters.

...Graham Day, British ...rs' chief executive ...said yesterday the ...y talks had been about ..."which may involve ...arterer."

...avenues of business which British Shipbuilders are anxious to explore involve other public sector corporations. British Rail's shipping division for example, looks likely to be pressed to place orders for new ferries with British yards.

The organising committee is casting a particularly interested eye on British Steel's shipping requirement. The corporation is a major charterer of bulk shipping for its iron ore imports.

Mr. Day said it would be ideal if three-way deals could be set up with British Steel guaranteeing to charter ships ordered by British owners at British yards.

He held out no hope of these or any other plans enabling British shipyards to survive the world shipbuilding recession intact. This grim market situation would be the deciding factor and not international agreements on the reduction of capacity.

Unlike Japan, Sweden and several other countries, Britain had not stretched her capacity in recent years so there was no moral requirement to cut.

Repeating that he would like to see more inducements offered to British shipowners to build at home, Mr. Day said there were indications that the Organisation of Economic Co-operation and Development was considering relaxing its credit guidelines to encourage more orders.

The OECD might return to an 80 per cent. credit limit for shipowners. Three years ago it was revised down to 70 per cent. repayable over seven years at 7½ per cent., he said.

When British Shipbuilders was in control the central organisation would not seek to allocate orders among the yards. This would be a welcome assurance to many shipbuilding companies who feared that the most successful would be forced to sacrifice orders to prop up weaker yards.

Regulate

The organising committee had decided it must seek to regulate competition between yards so as to eliminate destructive bidding. This would mean monitoring tenders to avoid situations such as the recent competition for cargo liner orders for Furness Withy.

Scott Lithgow on the Lower Clyde beat off competition from other British companies to land these contracts for £17.2m. but "the real winner was Furness Withy," Mr. Day said.

...ade volume grows strongly

...TER RIDDELL, ECONOMICS CORRESPONDENT

...ETAILED figures for export and import ...ance over the last two and a half ...nderline the strong growth in volume ...since the middle of last year, with ...rising especially sharply in the last ...nths. It is also clear that the fall in *the value of sterling has not so far produced* a significant deterioration in the terms of trade—the ratio of export prices to import prices—partly because exporting companies appear to be holding their prices much firmer in terms of foreign currency that after previous depreciations.

BALANCE OF PAYMENTS

	Exports £m. seasonally adjusted	Imports £m. seasonally adjusted	Exports Volume seasonally adjusted 1970=100	Imports Volume seasonally adjusted 1970=100	Terms of trade *Unadjusted 1970=100
1st	3,481	4,778	126.7	133.9	75.5
2nd	4,007	5,373	134.0	137.5	73.1
3rd	4,222	5,475	133.4	136.4	74.9
4th	4,185	5,533	126.5	133.0	75.9
1st	4,532	5,382	128.9	125.4	76.9
2nd	4,479	5,160	122.6	122.2	80.2
3rd	4,635	5,621	120.0	127.4	81.8
4th	5,126	5,809	128.3	127.2	80.7
1st	5,441	5,911	132.1	123.8	81.1
2nd	6,006	6,970	137.3	134.7	79.9
April	1,948	2,211	136.5	131.1	80.2
May	2,014	2,355	138.3	136.9	79.6
June	2,043	2,403	137.1	134.1	79.9

...of export prices to import prices

...BI seeks Price Code relief

...NCIAL TIMES REPORTER

...CONFEDERATION of ...ndustry yesterday asked ...irley Williams, Prices ...v. to give industry at ...other £200m.-worth of ...der the Price Code. This ...op of the package of ...published last month ...the CBI regards as ..."inadequate."

...Williams was non-com- ...ut, although hopes of ...relief were raised earlier ...k when she met leaders ...food industry and the ...Consortium, there now ...ttle hope of getting any ...ntal changes in the con- ...document when final amendments appear at the end of this month.

The CBI concentrated its attack on three points. It said that the adjustment factor for the effect of inflation on assets should be increased from the proposed level of 1.3 and that the proportion of investment expenditure which can be passed on prices should be raised from the 35 per cent. figure included in the consultative document.

It also said that some additional provision must be made to allow companies some of the benefits of a more efficient use of labour.

Under present proposals, companies would be allowed to disregard half of any volume increase when calculating the *increase in overhead costs contributing* to a price rise.

The CBI told Mrs. Williams that this proposal did not go nearly far enough because under the definition of the Department of Prices fixed costs do not include any element of labour.

In its view, companies should be able to treat at least a proportion of their labour costs in the same way as other fixed costs when calculating a price rise. This would mean that if companies increased sales without increasing the number of people they employ they should be able to retain some of the benefits in profits, rather than passing them all on to the consumer.

...ommercial ...hicle ...covery ...ntinues

...in Done, Industrial Staff

...LOW recovery in the ...cial vehicles market is ...ng, according to figures ...y from the Society of ...Manufacturers and ...Sales last month ...ned the equivalent total ...r for the first time this ...But over the first six ...of this year sales were ...e than 10 per cent. down ...same period last year. ...e importers are now ...bigger share of the total

...ndustry is not expecting ...pick-up in the market ...e winter months when ...mpanies begin to replace ...s part of a general re-

...ession

...year, British manufac- ...succeeded in beating ...e challenge from impor- ...the commercial vehicle ...but in the first six ...this year importers have ...their share from 11.7 ...nt. last year to 13 per ...In June, importers took ...er cent. of the market, ...ed with 10.2 per cent. in ...st year.

...e heavy end of the mar- ...ods vehicles over 3½ tons ...edes and Volvo both ...a big impression last ...Mercedes pushing sales ...m 82 to 130 and Volvo ...68 to 222 over June last

...mports for goods vehicles ...onth totalled 2,352, com- ...with 1,770 in June last ...The leading importer was ...agen (459), followed by ...(332) and Chrysler ...(312).

Paper production rise continues

BY LORNE BARLING

PAPER AND BOARD production continued to increase slowly in the first five months of the year, according to industry figures. But the recovery is attributable partly to stockbuilding in advance of summer shutdowns.

Packaging papers and boards, which were the first to suffer at the start of the recession, have continued to lead the recovery Thames Board Mills and other manufacturers are near to capacity output.

The industry as a whole continues to operate at about 80 per cent. capacity, with the printings and writings sector somewhat below the average.

In the first five months of the year production was up 12 per cent. compared with the same period last year. This is a 2 per cent. improvement on the figure for the first four months.

The paper sector, up 9 per cent. as a whole, was led by wrapping and packaging papers, which were up 26 per cent.

Although the weakness of the market has not generally allowed mills to recover their rising raw material costs, some prices have been increased recently. Others are expected to *rise as demand improves.*

PRODUCTION OF PAPER AND BOARD

	May 4 weeks 1976 '000 Metric Tonnes	January-May 21 weeks 1976 '000 Metric Tonnes	5 mnths. 1976 of 5 mnths. 1975
Newsprint	26.1	137.7	− 1%
Printings and writings, papers and boards	85.2	395.7	+ 1%
Food wrappings	4.5	22.1	+12%
Kraft wrappings	12.5	58.7	− 9%
Other wrapping and packing papers	72.9	369.1	+26%
Household, toilet papers and tissues	29.9	152.6	+ 4%
Other tissues	1.8	8.5	− 1%
Industrial and special purpose papers	18.5	89.1	+23%
SUB TOTAL	251.5	1,233.6	+ 9%
Packaging Boards	61.6	318.5	+19%
Boards for industrial and special purposes	19.1	87.6	+20%
Other boards	5.5	27.9	+73%
TOTAL BOARD (excluding printing and building board)	86.1	434.0	+22%
TOTAL PAPER AND BOARD *(excluding building board)*	337.6	1,667.6	+12%
Building board	1.9	10.0	+ 8%
TOTAL PAPER, BOARD AND BUILDING BOARD	339.5	1,677.5	+12%

Totals do not always add due to rounding

Worcester and Spode form joint company

By Michael Rafferty

THE OPERATIONS of Spode, the English bone china company owned by Carborundum of the U.S. and the china and tableware interests of Royal Worcester, *are to be merged in a joint* company 55 per cent. owned by Royal Worcester.

The company will be called Royal Worcester Spode and the rest of its capital will be owned by Carborundum, which is also paying Royal Worcester £700,000 cash as part of the merger deal.

Carborundum is giving up control of Spode 10 years after it took it over in an unusual diversification for one of the world's leading manufacturers of grinding wheels, pollution control equipment and refractories.

Profit

A particular problem seems to have been marketing incompatability between the group's main operations and the activities of Spode, which has been up for sale since last year.

Spode's sales last year were £6.9m. and operating profits, less interest, came to £752,000. Last year was a bad one for Royal Worcester and although china and tableware sales increased *from £7m in 1974 to £9.2m.* last year, profits dropped from £910,000 to £734,000.

On a similar basis as that of the Spode figures, the Royal Worcester operating profit, less interest, last year was £905,000. Royal Worcester Spode will have a combined personnel of 2,500 with initial shareholders' funds of approximately £8m.

Open cast site given go-ahead

By Roy Hodson

AFTER A five-year battle involving three National Coal Board applications and two public inquiries, the Government yesterday gave permission for work to start on a 4m.-ton opencast coal site beside the A5 near Cannock, Staffs.

For permission to be given for this, one of the most fiercely contested opencast projects, indicates that *the Government* is determined to support the rapid development of opencast mining. The Coal Board's Opencast *Executive wants to raise production* by 50 per cent. to 15m. tons a year in the next five years.

Mr. Anthony Wedgwood Benn, *Energy Secretary*, has already sanctioned three other smaller opencast projects this week. With the Cannock scheme as well, the NCB has never before obtained so many Government authorisations at once.

Mr. G. F. Lindley, managing director of the Opencast Executive, said that Mr. Benn's decision was a great encouragement to the Executive in meeting its targets.

Govan discusses ship orders worth £65m.

By Our Glasgow Correspondent

GOVAN SHIPBUILDERS is negotiating with several countries through a London-based finance company for orders worth a total of £65m. which would make the State-owned Upper Clyde yards among the most secure in the U.K.

Mr. Sirdar Aly Aziz, chairman of Dashwood Finance, said in Glasgow yesterday that he was *discussing with Govan* a possible order for between four and eight 26,000-ton bulk carriers for delivery in late 1978-1979.

Mr. Aziz, who has already negotiated a £26m. order with Govan for four vessels for the Philippines national merchant fleet, said he hoped the negotiations would be concluded before the end of the year.

He said at the launch of the first Philippines vessel that he was talking with the Government about building a fleet of deep-sea fishing vessels worth £50m. to £60m. in established Scottish shipyards.

Warning given on Credit Act licences

By Michael Blanden

PEOPLE due to be licensed under the new Consumer Credit Act were exposing themselves to serious risk by leaving their applications until the last minute, Mr. Tony Scott, of the Office of Fair Trading, said *yesterday*.

By August 3, it is expected that about 20,000 licence applications will have been received by the Office from people in the first group covered by the licencing procedure.

This includes debt adjusters, debt counsellers, debt collectors and credit reference agencies, who are required to have *licences or to have made valid* applications by that day.

Mr. Scott, the office's director of Consumer Credit, said that if they continued in business after August 3 without a licence or a valid application, "they are open to prosecution and, in certain cases, agreements for their services may be unenforceable."

PARLIAMENT

Car number transfers fee plan attacked

By Justin Long, Parliamentary Correspondent

MORE CONCESSIONS foreshadowed by the Government were written into the Finance Bill in the Commons last night, with Ministers doggedly resisting Opposition criticism of the extent of the changes.

The list of amendments and reliefs which MPs were asked to complete by the end of tonight's sitting, included the new rules for stock relief and for life insurance premiums, amplification of gains tax concessions and the modifications of the clauses on fringe benefits for directors and higher-paid employees.

Dr. John Gilbert, Transport Minister, was called into the debate on the report stage, to deal with Tory criticism of the Government's proposals for fixing a fee, yet to be determined, for the transfer of car registration numbers — usually to drivers who like to have number plates featuring their initials.

One Opposition criticism was lack of Parliamentary control over these proposed arrangements, and Dr. Gilbert gave an undertaking to ensure that the fixing of the fee would first be debated in both Houses.

But there were other criticisms from the Opposition. Mr. David Howell, Tory Treasury spokesman, said the Opposition had been appalled to find that 100 civil servants were employed to carry out 50,000 of these transfers, known as "cherished transfers," each year.

He pointed out that this meant two transfers per civil servant were processed per day.

Mr. Anthony Newton (C., Braintree) complained that the Treasury was being given power to do much what it liked. He could understand the Government wishing to charge an appropriate cost for the operation, but Ministers should not try to turn it into a profit-making operation.

Dr. Gilbert, replying to the Tory arguments, said there had been an "explosion" in the number of transfers from 5,000 in 1960 to an estimated 60,000 last year.

The whole system had been "thoroughly irregular" and the clause in the Bill was intended to put these matters right with a new basic procedure which would be more efficient.

It was agreed that the Government should put forward an amendment to enable the debate on fee-fixing which the Opposition sought.

Cabinet 'leaks' inquiry terms

THE PRIME MINISTER yesterday announced the terms of reference of the committee of Privy Councillors which is to look into procedures for handling Cabinet document, following recent leaks of Cabinet papers.

The committee, under the chairmanship of Lord Houghton, is "to examine the procedures for handling Cabinet and Cabinet Committee papers inside the Government and matters arising therefrom, and to see whether these procedures are adequate and appropriate to protect the confidentiality of the documents in question."

Traffic wardens cost £14m.

COST OF employing traffic wardens in England and Wales is estimated at £14.1m. for 1975-76. Dr. Shirley Summerskill, Home Office Under Secretary, said in a Commons written reply yesterday. The figure in 1970-71 was £5,363,000.

DIRECT ELECTIONS

PM stays cautious on '78 deadline

BY JOHN HUNT

DOUBTS ABOUT the possibility of the U.K. meeting the 1978 deadline which had been agreed for direct elections to the European Parliament were voiced in the Commons yesterday by Mr. James Callaghan, Prime Minister, when he reported back on the EEC Council of Ministers meeting which ended in Brussels on Tuesday.

He also assured MPs that he had given no undertaking at Brussels about the way the 81 British seats in the 410-member European Assembly would be divided up between England, Scotland, Wales and Northern Ireland.

Questioned about whether the elections would take place in Britain by proportional representation, he said that this would be a matter for Parliament to decide. But he personally predicted that we would end up by retaining the "first past the post" system which we now had.

On the question of timing, he said he had told the other Heads of Government at Brussels that we would have to keep open the possibility that the U.K. might have to continue to nominate representatives to the Parliament in 1978 if it was impossible to hol ddirect elections by that time.

The Prime Minister was replying to Labour backbenchers who cast doubts on the possibility of getting the necessary major Bill through the Commons next session for the introduction of the elections.

Mr. William Hamilton (Lab., Fife Cent.) told him that some MPs doubted whether this could be done when the House was already committed next session to a major constitutional Bill on devolution. He also wanted to know whether members for the Parliament would be elected on a dual or even triple mandate.

The PM told him that all of these mysteries would be unfolded in due course. He agreed, however, that Mr. Hamilton had drawn attention to genuine difficulties.

"That is why I have been rightly cautious about the date of 1978," he added. "But frankly, I see no reason why both Bills should not go through in the next session if Parliament wishes them to do so."

The question of the date was also raised by Mr. Jeremy Thorpe, former Liberal leader. He called for some form of proportional representation in electing the British members—in keeping with the long-standing policy of the Liberal Party.

Mr. Callaghan told him: "There is no insuperable difficulty about 1978. I think the difficulty is likely to be the House of Commons. I never presume with the House of Commons. I have been cautious from the very beginning on this matter of the date."

The question of how members would be elected was a matter for individual countries. "In some countries, they will be elected on a constituency basis. In others, by a list basis. Some may combine the two.

"It is for the House to make up its mind. But I have a very odd feeling that we shall stick to the first past the post principle."

MPs pointed out that the Boundaries Commission would have to draw up recommendations for the boundaries of the 81 constituencies in Britain. They saw this as yet another cause of delay.

Mr. Callaghan agreed that the Cabinet would have to examine the role which the Boundaries Commission would play. In order for the Commission to examine the matter, legislation might have to be brought forward, perhaps as part of the Bill for setting up the direct elections.

Mrs. Margaret Thatcher, the Conservative leader, welcomed the results of the summit. She asked for an assurance that there had been no undertaking about the distribution of the 81 seats between the four component parts of the U.K. This, she said, was a matter for the U.K. Parliament to decide in an unfettered way.

She called for legislation as soon as possible so that the boundaries for the seats would become a matter for the Boundaries Commission to decide after full representations had been made by the local people affected.

The PM promised her that he had given no undertaking at all in Brussels about the distribution of the seats in the U.K. He had made it clear that this was a matter for the U.K. and no one else. Sor far, the Cabinet had not given consideration to the place of the Boundaries Commission, but the Government would come forward with proposals in due course.

Sir David Renton (C., Huntingdonshire) emphasised that the statutory procedures of the Commission were so slow and cumbersome that it could not make a report until 1978. Therefore, something special would have to be done, and legislation might be needed before it could consider the boundaries anything like in time for 1978.

Mr. Callaghan agreed that Sir David had stated the position correctly and added: "All these are reasons for entering a caution about 1978. But it should not lessen our determination to do all we can to get the legislation on the Statute Book."

Pardoe retains economic post in Steel's line-up

BY PHILIP RAWSTORNE

MR. JOHN PARDOE, defeated in the contest for the Liberal leadership, retains his position as spokesman on economic and financial affairs in a new list of party posts announced yesterday by Mr. David Steel, the Liberal leader.

In addition, Mr. Pardoe will become chairman of the party's publications committee with the task of organising a comprehensive political communications system that will include the weekly, Liberal News.

Mr. Steel, who will personally take charge of Liberal devolution policy, has also appointed two of Mr. Pardoe's closest supporters in the leadership election to key posts.

Mr. Richard Wainwright will succeed Mr. Pardoe as chairman of the party's Standing Committee the main policy-making body, as well as handling trade and industry affairs.

Mr. Cyril Smith, who had threatened to reject any offer of a post, becomes spokesman on the social services.

Former Liberal leaders, Mr. Jeremy Thorpe and Mr. Jo Grimond, will be responsible for foreign affairs and energy policy respectively.

Mr. Alan Beith is reappointed Chief Whip and also becomes education spokesman. Other responsibilities have been allocated as follows: Mr. Clement Freud (prices and consumer protection and Northern Ireland); Mr. Emlyn Hooson (Home Office and defence); Mr. Geraint Howells (Agriculture and Wales); Mr. David Penhaligon (Employment); and Mr. Stephen Ross (Environment).

Mr. Russell Johnston, spokesman on Scottish affairs, will return to the European Parliament in the autumn on the retirement of Lord Gladwyn.

Mr. Steel, speaking yesterday at a Press Gallery lunch at the Commons, said that his next task would be to improve the party organisation. "We cannot expect better by-election results so long as the party fails to support the by-elections effort properly," he said.

As leader, Mr. Steel said that he hoped to enhance the party's appeal to the younger section of the electorate. "About a quarter of the electorate under 35 voted Liberal in 1974, I hope to strike a chord with them," he said.

The party would seek to attract the support of "the alienated"—those who had turned away from the political parties because of the failure of successive Governments to tackle the country's economic problems or because of the growth of bureaucracy.

There was an increasing risk that unless individual responsibility and commitment were revived, people would begin to blame each other for the country's difficulties. "Most dangerous of all, the blame may fall on immigrants," he said.

They could be the target for young unemployed who were beginning to "run in packs" in some cities. "We must devote what resources we have to these areas," Mr. Steel suggested.

Political behaviour warning by Home

BY JOHN HUNT

A WARNING that the doctrinaire behaviour of politicians is threatening the future of democracy in Britain was given in the Lords yesterday by Lord Home, the former Conservative Prime Minister.

"If our Parliamentary democracy is to survive, we must take steps to be more tolerant of each other within the party system and not to drive each other to extremes," he declared in a debate on the state of the nation.

Lord Home, who still holds great authority as the elder statesman of his party, made no distinction between Conservative and Labour politicians.

Although parties had fought each other for centuries, they had not in the past pushed their doctrines to the point where the Opposition felt bound to repeal whatever the other party had done in government.

"I do not believe democracy can survive this unintelligent Tweedledum and Tweedledee form of politics," he declared.

"In the past dozen years it has become a regular practice to use a Parliamentary majority to force legislation through Parliament which a Government must know the Opposition will have to pledge themselves to repeal."

The result was a caricature of democracy and the crime was compounded when it was carried out by a minority Government.

"Unless we mend our ways in Parliament, if we proceed along the present road, I do not believe that even the British brand of democracy can survive," he said.

Lord Home suggested that the more frequent use of referenda on major issues of the day would be a safeguard aganst extremism and would ensure restraint in the use of power.

His attack on political behaviour and his advocacy of referenda weer echoed by Lord Carrington, the Tory leader in the Lords.

Admitting that this represented a change of mind on his part, Lord Carrington said that when we were ruled by a minority Government, it was essential that the wishes of the people should be known.

He accused politicians of making people believe that they had right to things without the necessary effort to deserve them. By raising false expcetations in ordinary people, the politicians had created disenchantment and cynicism.

As a nation we had lost confidence in ourselves and this was not helped by the continual carping against our institutions by the media. "The sneering an decrying against ou rinstitutions has gone too far," he maintained.

Lord Carrington thought that industry could learn many lessons from the experience of the armed forces who had not suffered from the general breakdown in discipline and the lowering of national standards which had been experienced in the rest of the country.

Healey explains Labour's stark choice on spending cuts

BY RICHARD EVANS, LOBBY EDITOR

THE PROPOSED cuts in public spending must go through Parliament or foreign confidence in the British economy could collapse, Mr. Denis Healey, Chancellor of the Exchequer, warned Labour MPs yesterday.

The Chancellor, addressing a packed meeting of the Parliamentary Labour Party, said that the life of the Government was linked with the implementation of cuts now under consideration by the Cabinet.

He was supported in his campaign to persuade Labour MPs to back the cuts in many of the party's cherished programmes by the Prime Minister, who stressed that the Government would regard the issue as a matter of confidence.

"This Government cannot govern and survive unless we have the support of the Parliamentary Labour Party and the trade unions," he declared. He was giving the Chancellor his total support and he called on everyone in the party to do the same.

"We think we are on the right course. We are running a high risk economy and there are no easy solutions," Mr. Callaghan warned.

The Chancellor told MPs that, in his view, the choice facing the country was clear. "Either we risk being pushed by a collapse of foreign confidence into a massive deflation—or we move steadily back to full employment and get out of debt as our recovery gathers strength.

"If we choose the first course, the Government will not survive. All the gains we have made will be thrown away. The Tories will inherit the rewards of all our sacrifices, and the North Sea will be producing oil for a Conservative Government."

The main contribution towards cutting the Government's deficit must come from public expenditure, although industrial and social priorities would have to be protected in any reductions made.

"If we do not take the necessary decisions very soon, we may face another run on sterling because the people who hold sterling now are worried that inflation may rise and their money will lose its value.

"That would mean seeing the pound falling to a level which would send prices rocketing up again, or spending the stand-by credit and loading ourselves with an additional burden of debt—or even both."

The debate which followed the Chancellor's statement showed only a slight balance of MPs opposing the cuts—in marked contrast to the overwhelming opposition to the Government White Paper on public expenditure published in the New Year.

Among the leading critics of the Government who spoke were Mrs. Barbara Castle, former Social Services Secretary, and Mr. Eric Heffer, former Minister of State for Industry.

Mrs. Castle argued that Labour MPs would be fooling themselves if they thought there was a lot of easy fat left on public expenditure programmes, and she argued forcefully against eroding the Socialist policies enshrined in the party's last election manifesto.

Mr. Heffer argued that the Government needed an alternative strategy to be one proposed by the Chancellor and he warned that if the policies advocated by the Tribune Group were not adopted there could well be a split in the Labour Party."

But two leading moderates, Mr. Tom Irwin and Mr. Giles Radice, supported the Chancellor in the broad aims of his strategy.

Mr. Irwin appealed to the trade unions to recognise the real facts of economic life and back the Government policy. He stressed that the Government must be seen to govern in the best interests of the country as a whole.

Mr. Radice, MP for Chester-le-Street, argued that the cuts were necessary because of the uncertain position for sterling over the next three months. But he stressed that the Chancellor must not return to the party in a few months' time to advocate more cuts. In particular, he urged that education and regional policies should be exempted.

Lower retirement age plea

A BILL to allow men to retire at 60 was given a formal first reading in the Commons yesterday. Its sponsor, Mr. Gwilym Roberts (Lab., Cannock), warned that the Government's "pig-headed attitude" on this subject could well antagonise millions of potential Labour supporters.

Mr. Roberts said it was 10 years since he had first introduced a similar Bill. "The Government's attitude to this proposition has been completely hypocritical. We have had considerable legislation on sexual equality and also support from the Government for a great many provisions for extended leisure."

But, on demands for men to retire at 60, the Government had refused to do anything at all.

LABOUR NEWS

Railmen fall in line with TUC pay policy backin[g]

BY CHRISTIAN TYLER, LABOUR STAFF, IN PAIGNTON, JULY 14

WITH THE next round of pay restraint only two weeks away, the last of the two big unions to debate the social contract yesterday fell in line with the TUC's overwhelming support for a 4½ per cent. limit on earnings increases during the next 12 months.

By a majority of 5—2, delegates representing the 180,000 members of the National Union of Railwaymen voted at their annual conference here for a policy that will give them rises of between £2.50 and £4 a week from next May. (This will be on top of earnings ranging from £61.26 for railmen to £108 a week for top-grade signalmen.)

The conference was warned by Mr. Sid Weighell, general secretary, that rejection of the policy could force the union into a national strike next spring, a strike for which the country and the rest of the trade union movement would have no sympathy.

"I would have to tell the British Rail Board that 200,000 railwaymen are coming out on Monday. I would have to lead it and you would have to drum up support in every depot and station in the land—and that with 10m. trade unionists against you," he told the delegates.

The tally of big industrial unions supporting the policy is now complete, with the potential danger men—miners, engineers and, this week, the construction workers — accepting an even tougher wages regime than the expiring £6 limit.

First in line

Mr. Weighell said there was no creditable alternative to accepting the deal worked out by TUC negotiators—"skilled negotiators who know how many beans make five." But if the Tories returned to power, railwaymen would be first in line for massive public expenditure cuts.

He won a convincing majority for his views with a vote of 54-22, despite predictions that the vote could be close. The NUR did not vote at the special TUC Congress last month because its national executive split 11-11 on t[he] contract issue.

No less than 22 of [the] delegates spoke—with [...] against the policy that [...] Opposition focused on [...] for the Labour Govern[ment to] change direction and [...] socialist policies.

Speakers pointed to t[he] local elections and re[cent by-]election results as evi[dence of] waning support.

One delegate proteste[d at the] influence of the TUC and Mr. Jack Jones of t[he Trans]port Workers, in particul[ar, who] were dictating policy to [the rank] and file.

Another said that, b[...] as loyalty to Labo[ur...] delegates were there [to] represent the Labour P[arty...] their members and members' families.

The vote was take[n on a] special resolution which said "that this annual [...] accepts the social contra[ct ...] 1977" and on an am[endment] calling for "emphatic re[...]

Miners push demand for early retirement

By Our Labour Correspondent

A claim for early retirement for miners from next January is now on its way to the National Coal Board from the National Union of Mineworkers in line with the wishes of last week's annual NUM conference.

When the NUM national executive met yesterday it decided to submit the early retirement demand immediately, even though it is in breach of the 4½ per cent. pay policy to be introduced at the end of the month.

A conference demand for an extra week's annual holiday, which also breaches the policy, was referred to the union's negotiating team.

Difficulties caused by holidays make it unlikely that the demands will be discussed before mid September—and then both are likely to be ruled out as being outside the policy limits. This would be accepted as far as holidays are concerned but miners' leaders are committed to calling a pithead ballot on whether to stage industrial action to support the retirement claim.

However, with the NCB already in favour of a move towards earlier retirement, provided the Government puts up the funds and Mr. James Callaghan, the Prime Minister, promising that the situation will be "seriously considered", a peaceful outcome is expected.

The NUM conference urged a five-year reduction in the 65-year limit by January to be followed by a further staggered reduction bringing the limit down to 55 by 1980.

Steelworkers to se[ek] pensions at 60

BY IAN HARGREAVES, LABOUR STAFF

STEELWORKERS yesterday expressed their desire to join the miners in a push for retirement at 60.

A resolution passed unanimously at the first annual delegate conference of the 106,000-member Iron and Steel Trades Confederation in London noted the high level of unemployment in Britain and urged the executive council to "use all reasonable means at their disposal to effect a reduction in the age of retirement with no loss in pension benefits or earnings"

Mr. John Cowling, a Corby delegate and national executive member, said the union should link with the miners in a campaign to pioneer retirement at 60 for men.

Mr. Len Jones, a Port Talbot delegate, said steelworkers must make it their priority to jump on the miners' bandwagon. It would not be necessary at first to win early retirement for all workers.

Mr. Bill Sirs, general secretary, replying to the debate made it clear that if the Prime Minister was able to consider coal-face workers a special case "we would be bound to say that we have people in exactly the same position." Men working on coke ovens, blastfurnaces and steel furnaces faced grave health risks.

On unemployment, the conference delivered a sweeping general attack, but several delegates expressed the view that within the steel industry workers must be prepared to refuse the massive amount of overtime being worked to provide jobs for school leavers.

Mr. John McAllister, a Corby delegate, accused the British Steel Corporation of mismanaging the de-manning exercise launched in January. At Corby, he said, production had t[...] rather than fill 70 va[cancies.] This would have a cata[strophic] effect on the ability t[o meet] orders as the market im[proved.]

On industrial democra[cy the] executive council decla[red its] support for a motion [backing] the TUC support for 50-5[0] union representation on [boards] even though Mr. Sirs sa[id the] council had already co[mmitted] itself to the achievemen[t of 33] per cent. representation [as a] first step. He did not [think] workers were yet suff[iciently] well-informed to take pa[rity.]

Other resolutions in[cluded] support for a 35-hour w[orking] week, the abolition of diff[erences] between staff and op[erative] status in the industry and [closed] shop agreements in all [plants] where the union has recog[nition.] The conference was told [that a] closed shop agreement wi[th BSC] would be signed in the future.

● Sir Monty Finniston[, retir]ing chairman of the Britis[h Steel] Corporation, returned [to the] attack on the issue of manning in the BSC ye[sterday] when he gave evidence [to] the Commons Select Co[mmittee] on nationalised industri[es.]

The unions had already [signed] an agreement acceptin[g that] there was over-manning [in the] corporation, he said. Th[e BSC] had given unions a w[orks by] works view of where the over-manning in both [manual] workers and in staff.

Sir Monty said he wa[s sur]prised and rather upset [by] evidence given to the c[ommit]tee by Mr. Bill Sirs, ch[airman] of the TUC steel committ[ee and] general secretary of the [Iron] and Steel Trades Confede[ration,] in which Mr. Sirs had sai[d] he would be surprised [if] BSC could produce evide[nce of] over-manning.

Walkout hits Leyland

By Our Midlands Correspondent

LEYLAND CARS, already resigned to a shutdown of Jaguar production with more than 5,000 laid off until next month, was hit again yesterday in Coventry when 400 Triumph engine assemblers walked out. This action came after two had been dismissed for leaving without permission and "clocking" offences—booking in and out—for which dismissal is almost automatic.

Although some engine production was halted, final assembly continued and cars were not lost. Attempts are being made to resolve the situation before the fortnight's holiday break at the end of the week.

About £5m. worth of Jaguars seem bound to be lost as the result of the 80 press shop workers refusing to work with nine colleagues who have left the Transport and General Workers' Union for the Amalgamated Union of Engineering Workers. The nine are regarded as disruptive because of attempts to change shop steward representation in favour of the night shift on which they work.

● There is better news from Longbridge, normal working was restored yesterday after a short break on Tuesday by paint shop workers who objected to doing certain work.

Seamen seek guidance on next pay rise

BY OUR LABOUR CORRESPONDENT

LEADERS OF 38,000 Merchant Navy seamen are to seek Department of Employment guidance following a TUC decision that they will have to wait until January for their next pay rise.

The TUC economic committee yesterday ruled that the National Union of Seamen's claim for "substantial" pay rises from August 1 would have to be deferred until January under the pay policy's 12-month rule.

The situation is complicated by an arbitration award last year from the Advisory, Conciliation and Arbitration Service which moved seamen, in stages, from a seven-day to a five-day working week.

The final stage of that agreement which, in total, increased seamen's average earnings from £71.44 to £81.13 a week, came into force earlier this month.

NUS leaders argued yesterday that their situation was unique and that it would be unfair if their members were penalised because of last year's award, which ACAS had stressed was a "catching-up" exercise.

The situation was immediately reported to the union's full negotiating committee and the national executive, where it was decided to continue to press their demands with the Department of Employment and the shipping employers, [who] have already offered the [maxi]mum under the new £2.50 a week policy from whe[n] the policy permits.

Last night Mr. Jim Slater[, left-]wing NUS general secr[etary,] said he was still hopeful [that] the Government would se[e the] merits of their "just" dem[ands] but went on to warn of [a] "very real possibility" of o[fficial] industrial action if seame[n did] not get their money next m[onth.]

Protest over metric signs

BRITAIN'S road signs are b[ound] to go metric one day, [Mr.] Kenneth Marks, Environ[ment] Under-Secretary, said in [the] Commons yesterday. He tol[d Mr.] John Hall (C., Wycombe) [that] nearly every country in [the] world which had not gone m[etric] already had decided to ch[ange.]

"It will be scarcely pos[sible] to stand out against [it] permanently," he added, [to] shouts from some MPs of "[...] why?"

The cost of changing s[peed] limit signs would be about £[...] the Minister declared.

NALGO fight Surrey sacking[s]

BY ALAN PIKE, LABOUR STAFF

MORE THAN 3,800 National and Local Government Officers Association members are to take industrial action in an effort to persuade Surrey County Council to rescind redundancy notices sent to nine staff.

The union will instruct its members not to co-operate in making cuts, not to cover for posts left unfilled or deleted and not to undertake extra work because of redundancies. Support of the teaching unions is also being sought.

Mr. Edward Alderton, chairman of the NALGO national emergency committee yesterday said the situation need not have arisen if Surrey had not cut its expenditure by amounts "well in excess" of Government guidelines. The union claims that, during the past 18 months, 1,500 jobs have been deleted from the council's staff establishment.

The National Union of Teachers yesterday sent out guidance to its local associations on plans to intensify action against local authorities making cuts in staffing standards.

In future, members will be supported in refusing to cover unfilled vacancies or absences of more than one day and in refusing to teach classes of more than 35. The NUT says it expects that "increasing numbers" of its divisions will seek action committee permission to impose these sanctions next term. Action is already being taken in 500 schools in Devon, Cumbria, [Sur]rey, Knowsley, Leicesters[hire,] Bromley and Lancashire.

Gas pipeline approved

THE GO-AHEAD for a 280-[mile] stretch of submarine gas pipe[line] from the largest North Sea f[ield] was announced by Mr. Anth[ony] Wedgwood Benn, Energy Se[cre]tary, in a Commons written re[ply] yesterday.

The pipeline, between Brent field and St. Fergus, Aberdeenshire, is the first to [be] authorised under the Gove[rn]ment's Petroleum and Submar[ine] Pipelines Act.

هكذا صدر الأصل

HOME NEWS

...RDC ...kes ...4m. deal

vid Fishlock, e Editor

NATIONAL Research ment Corporation has a profit of £1.375m.—ond-biggest profit it has ade on an industrial in- t—from a venture with launched in 1972.

corporation announced ay that it had sold its 26 t. shareholding in Vickers s, the company's under- engineering subsidiary, £25m.

Peter Matthews, chief ve of Vickers, said yester- at the sale would give greater freedom to commercial deals in its engineering activities. ised the corporation for p it had given Vickers we were hard up for few years ago."

ers Oceanics, which be- a division of Vickers' engineering group in he group remains with after nationalisation of building interests—made t profit last year. he current year it antici- ales of £8m. to £10m. and t of about £1.5m.

activities, involving the g of divers to the seabed bmersibles, are capital- ve and now involve the nent of about £3m. for seagoing unit of a er" vessel and its pair of rsibles. Since Vickers cs was formed the com has been adding new sea- units at the rate of about year.

... fulfilled

laims to-day to have the s biggest fleet of submer- — a total of five ships and submersibles — and will another seagoing unit d the turn of the year. Bill Makinson, chief execu- f NRDC, said the corpora- was selling its shares use the technology is well ished and the company is ering."

h new investment in a sea- unit meant that the ration had to find more a quarter of the outlay, Mr. Makinson.

National Research De- ment Corporation's invest- on Vickers Oceanics was d only to its investment in as a source of profit on an trial investment. With ICL ade profits exceeding £2m.

Mortgage rate increase 'cannot be ruled out'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THERE WAS no immediate need to increase the mortgage rate, although the prospect could not be completely ruled out, Mr. Leonard Williams, chief general manager of the Nationwide Building Society, said yesterday.

Mr. Williams, giving his Society's results for the first half of this year, confirmed that net receipts had fallen considerably in the last two months.

Figures for last month, due yesterday from the Building Societies Association but delayed until to-day, are expected to show receipts at about £130m., nearly two-thirds less than in one month earlier this year.

Mr. Williams said that the level of small savings has fallen as real incomes had been squeezed and the very high personal savings ratio appeared to be declining.

Less competitive

Societies had also become less competitive for large invest- ments because of the sharp in- crease in domestic interest rates and the almost simultaneous reduction in the building society ordinary share account rate.

Net receipts of £200m. to £250m. a month would be needed if the movement proposed to continue the monthly lending target of about £500m. a month into 1977. Latest indications were that the figure was not likely to be achieved.

In expectation of a lower level of net investment inflow, socie- ties had built up their level of liquid resources to more than £5bn. to allow a high mortgage lending programme to continue.

On top of the net receipts, societies had an additional £300m. a month made available for lending in the form of mort- gage capital repayments and interest accruing on investors' balances.

As a result, it would be pos- sible for societies to maintain the present high level of loans for the remainder of the year, with an acceptable reduction in liquidity to about 18 per cent. by the end of the year compared with the present average of around 20 per cent.

"However, we recognise the importance for the housing market of maintaining an adequate and stable level of mortgage lending.

"In the longer term, there- fore, if building society interest rates are not to rise, much will depend on the Government's success in further reducing the rate of inflation and restoring confidence in the British economy so that the present high differential between U.K. interest rates and world interest rates can be reduced."

Assets of the Nationwide, Britain's third largest building society, stood at £2.11bn. at the end of June. Receipts from investors in the first six months totalled a record £489m., while withdrawals rose to £279m. from £239m. in the previous six months.

At £210m., net receipts showed an increase of 15 per cent. on the results for the same period a year earlier.

Loans approved in the first six months of this year totalled £317m., compared with £262m. in the previous half-year, and they are now being approved at the rate of over £50m. a month.

Government to guarantee £75m. nuclear loans

THE GOVERMENT is to guaran- tee repayment of loans of £75m. raised privately by British Nuclear Fuels to finance its uranium enrichment and spent fuel reprocessing activities.

In a written Parliamentary reply yesterday Mr. Anthony Wedgwood Benn, Secretary for Energy, added that an Order, to be approved by Parliament, would raise the limit of Govern- ment capital advanced to the company from the present £50m.

Mr. Wedgwood Benn confirmed that the Government had acquired a further 20 per cent. of the shareholding in the National Nuclear Corporation, holding company for reactor design and construction. The 20 per cent. had been relinquished by GEC and transferred to the U.K. Atomic Energy Authority, bring- ing its shareholding up to 35 per cent. GEC now holds 30 per cent. The remaining 35 per cent. is held by a group of nuclear manufacturing companies.

British Nuclear Fuels, a wholly- owned subsidiary of the U.K. AEA, expects to invest £165m. in gross capital spending in the next two years. The Government has agreed to projects totalling an estimated £700m. in fuel cycle activities for the next ten years.

It expetcs much of this invest- ment to come from internal resources, for example through its "prepayment cost-plus" con- tract for overseas reprocessing, in which the prospective cus- tomer helps to pay for construc- tion of the reprocessing plant.

Benn to open conference

MR. ANTHONY Wedgwood Benn, Secretary for Energy, will be the opening speaker at a three-day conference in Birm- ingham starting on December 7 and coinciding with the Offshore International Exhibition at the National Exhibition Centre.

The conference, sponsored by the Financial Times, Petroleum Times, Ocean Energy, the Institute of Petroleum, and the Society of Underwater Tech- nology, will concentrate on four aspects of offshore development, with the emphasis on the tech- nical problems of production and research.

The four central themes of the conference will be produc- tion and maintenance, research and development; exploration in deeper waters, and finance.

Part-time role for chairmen urged

By James McDonald

ABOUT ONE-THIRD of Britain's manufacturing companies are in the hands of inadequate chief executives, Lord Wilfred Brown, a former Minister of State at the Board of Trade, writes in the Director, journal of the Institute of Directors.

Lord Brown says that in every company employing more than 100 people "the role of chair- man should be part-time and no person should be able to occupy the roles of both chairman and managing director."

He also criticises the fact that external directors of many of Britain's largest companies tend to be drawn from "very re- stricted strata of our society." There was an "incestuous" ten- dency.

There should be a "re-struc- turing of Boards to contain one- third shareholder directors, one- third executive directors and one-third directors divided be- tween trade union officials and elected employees."

The power of modern trade unions and shop stewards was so great that no company could hope to succeed without involv- ing them in the approval of forward planning.

Companies hang on to London offices

By Lorne Barling

THE NUMBER of companies seeking to move away from London took another tumble last year, according to the annual report of the Location of Offices Bureau.

For the second year in a row, the Bureau helped move fewer jobs out of London and received fewer inquiries.

It blamed the declining activity on the economy, point- ing out that inflation had also eroded the impact of its adver- tising campaigns. The number of inquiries was the lowest for six years.

Mr. Anthony Prendergast, chairman, said that although more than 20m. sq. ft. of office space was available or under construction in London, it could be taken up quickly as economic conditions improved.

The Bureau had 245 inquiries about moving in the year to March, compared with 290 the previous year and 421 in 1973-74. Last year it moved 12,623 jobs compared with 14,700 in 1973-74, with more emphasis on smaller companies.

Plan to solve homes shortage

By Michael Cassell, Building Correspondent

PROGRESS TOWARDS a masterplan to overcome London's housing problems was yesterday announced in a detailed report to the Greater London Council and the London Boroughs Association.

The two bodies said they had reached agreement in principle on the next stage of the strategic housing plan for the capital. Detailed discussions on the joint working party's recommenda- tions would now take place between the GLC, the LBA and the London boroughs.

A preliminary set of targets for building new homes and rehabilitating existing houses involves local authority, private and voluntary sectors. The working party estimates that in the next 10 years, 316,000 new homes could be built in both the public and private sectors on land becoming available.

The second key subject to be covered in the talks is a co- ordinated scheme for allocating a proportion of council homes on a London-wide basis. Each London borough would, after providing for its own priority housing needs, contribute the same proportion of its available homes to a common London housing pool.

Thorn gives warning on future of U.K. TV industry

BY LORNE BARLING

A GRAVE warning about the future of the U.K. television and audio equipment industry was given yesterday by Thorn Elec- trical Industries, which an- nounced profits of £156m. com- pared with £144m. last year.

The company pointed out that the improvement arose wholly from the growth in overseas operations, and expressed con- cern about its consumer elec- tronics division.

The closure of its Skelmers- dale colour tube plant early last year, with the loss of 1,370 jobs, cost £7.5m. including redund- ancy payments, the company revealed.

Consumer demand was at a low level and had been worsened by a serious increase in imports from the Far East of mono- chrome television sets and audio equipment at prices which "would seem to bear no rela- tionship to manufacturing costs and changes in rates of exchange."

"There is a disturbing parallel between this situation and the circumstances which led to the closure of our colour- tube operations," Thorn added.

Department of Employment figures show that well over 40,000 jobs in the industry have been lost since 1973 and the continuing decline is reflected in redundancy pay- ments of £2.4m. by Thorn in the past year.

Although a proportion of this was in Thorn's lighting division, there have been hundreds of redundancies in audio and tele- vision production and on com- ponents, particularly in Hull and Bradford.

"We are in continuous dia- logue with Government to ensure they are aware of the very serious consequences for the whole U.K. consumer elec- tronics industry unless some action is taken to regulate un- fair competition from imports."

The company, which domin- ates the remaining 50 per cent. of the monochrome market not taken up by imports, fears that its Gosport factory will be affected by more imports.

Industry figures show that monochrome imports from Japan rose from around 27,000 in the first quarter of last year to nearly 50,000 in the same period this year. Average prices, it is claimed, have hardly risen, despite sterling devaluation and inflation in Japan.

"There has been a progres- sive withdrawal from a whole range of products such as tape recorders and radios, and cheap record players could be next."

On the brighter side, Thorn's U.K. television rental division showed "satisfactory growth," with the value of television sets on or for rental rising from £59m. in 1975 to 81.8 per cent. this year, a rise of about 40 per cent.

Marketing 'next target'

BY ADRIAN HAMILTON

THE NEXT Phase of the indus- trial strategy, to be discussed by the National Economic Develop- ment Council early next month, is likely to concentrate on market targets to be set by the 39 industrial sector working parties, Sir Ronald McIntosh, director general of the National Economic Development Office said yesterday.

Their reports will be fed into the Government's budgetary thinking at the end of the year.

After the public commitment to the strategy by the Govern- ment, union leaders and CBI last week, the Prime Minister wrote to all sector working party chair- men emphasising the Council's determination that all recom- mendations should be followed up and the message passed on to the shop floor.

Sir Ronald also said yesterday that the British Steel Corpora- tion had promised to investigate problems of steel supply thrown up by the first stage reports and that NEDO had organised meet- ings with the main public pur- chasing authorities and British Standards to consider the work- ing parties' proposals for com- mon specifications and stan- dards.

He placed special emphasis on the marketing side and it is this area, particularly exports, that the working parties are expected to be asked to spotlight next.

Sir Ronald, like Lord Watkinson, president of the CBI, in another speech yesterday, strongly defended the "con sensus" approach involved in the industrial strategy.

Most British people favoured an agreed approach to our in- dustrial problems. Those who oppose consensus also mistake the nature of our crisis.

Declining output worries NCB

BY ROY HODSON

THERE IS increasing concern at the National Coal Board that its efforts to modernise and expand the industry with the backing of the Government may be frustrated by poor productivity performances from the miners.

Productivity increased dramati- cally during the earlier mechani- sation drives in coal mining, but this year productivity has been falling.

Sir Derek Ezra, chairman of the Board, said yesterday it had declined by 2.4 per cent. in the first quarter.

Absenteeism at the pits— always a problem—has risen from 16 per cent. to 17.5 per cent. and the Board acknowledges that the trend is giving cause for concern.

Sir Derek, speaking at Savile Colliery, near Leeds, said of the continuing poor productivity figures: "I think the weather must have something to do with it. It must be a disincentive"

The industry has been taking coal out of stock during the past few weeks to maintain supplies. Usually it is mining coal and putting it into stock at this time of year to build up stocks for the winter.

Hambro Life valuation may be £47m.

By Our City Staff

HAMBRO LIFE Assurance, the private insurance company con- trolled by the Hambros banking group is expected to be valued at £47m. when it comes to the stock market through a public offer of its shares next week.

It is understood that the com- pany will be floated with a capital of 20m. shares of 25p nominal value, priced at 235p a share. More than 4m. shares, to raise about £10m., are being offered to the public.

Underwriting arrangements for the issue, which is being handled by Hambros Bank, were under way yesterday. Net profits for 1976 are predicted at about £4.5m., compared with £3.1m. in 1975.

The flotation, the first of a major group for three years is expected to be the precursor of the stock market launch of some other large private companies, including Thomas Borthwick and, probably, the Save and Prosper Group.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TEXTILES

Bonding for novel fabric

OF ALL the many ways of making non-wovens, there are only two which come under the heading stitch-bonding. They are both East European and, effectively, both operate on a system of consolidating structures of fibres or yarns by means of multiple sewing heads arranged across the width of the machine. The Mali technology of East Germany and the Arachne technology of Czechoslovakia mainly differ in the type of needles that are used.

In Britain the major success has largely been confined to a single company operating the Malimo machine for the production of a range of fabrics, mostly print base cloths for very inexpensive curtainings. In fact stitch-bonding in the Western World has had a singular lack of success except for a few very specialised applications.

Now a completely new type of material and one that reaches into a much higher pricing structure has been introduced by Portways (Sedgley Road East, Tipton, DY4 7UY. Tel. 021 557 7641). This cloth is being marketed under the name Texul and it is produced with Czech Arachne machines.

The construction is an all-polyester material based on a fleece of polyester fibres which are stitched together by polyester filament yarns. Folowing this the fabric is given a resination treatment. This prevents fibres from being rubbed out of the cloth and so forming unsightly "pills." Previously, attempts have been made to use these cloths in different applications, but pilling has been consistently a deterrent.

Most of the cloths produced in this way are based on the relatively short length fibres which approximate closely to cotton in their length so it is difficult to retain them without the stitched structure. Now, by use of a resin, they can be effectively held in place and at the same time the fabrics are given extra strength.

Portways is making two types of Texul as standard. These are PC1 and UC5. It is the type UC5 that has been proved to be ideal as an upholstery cloth, but the areas of application for these two materials include mattress tickings and household textiles in addition to use in furniture.

Because the fabrics are based on 100 per cent. polyester fibres it means that they lend themselves to transfer printing which is a system of applying multi-colour designs to cloths without the need for moisture. At present the transfer papers are only available in normal textile widths, so it is unlikely that full use can be made of the process in terms of Texul which is made in various widths up to a maximum of 106 in. (2700 mm.).

The material is being used in the Sprite Ariel caravans for day seat-berth, padded bunk covers, seat backrests and for covering the cushions.

Permanent creases in trousers

FOR A NUMBER of years it has been possible to give all-wool trousers a sharp and completely permanent crease which will withstand repeated launderings and remain in the garment throughout its life. The reason that this has not been widely adopted must in large part be attributable to the fact that until now the equipment required has been expensive.

Now a simple and very inexpensive process has been developed which is likely to appeal not only to quality garment manufacturers, but which is well within reach of comparatively small dry cleaning establishments who might consider installing units as an added attraction and a valuable auxiliary service.

The Lintrak system has been developed by the International Wool Secretariat at the Ilkley Technical Centre and it is being distributed by Stafiex International (Stafiex House, Highfield Road, London, N.W.11. (Telephone 01-458 3342.)

Suitable either for woven or knitted fabrics made in wool, blends or even other fibres, the Lintrak equipment is offered in three forms. The simplest is a wall fitting and this is followed by a self-contained foot-operated free-standing index table, while the most sophisticated unit is a complete machine which has an applicator head mounted above a guiding track.

The garment is first pre-creased to identify the crease line and then it is turned inside out. The crease is then positioned along a lance and along this is drawn a "wheel-point" pen that resembles an overgrown ball point.

As the head of this "pen" is drawn along the edge to be creased, the fabric is pressed into a groove and the wheel of the pen applies an exact amount of a thermosetting resin along the edge.

Immediately the resin has been applied, the garment is once again turned back to its original shape and placed in a conventional steam press. After 10 seconds at 100 degrees C in the press, the crease is permanently set in the garment—which may be trousers or skirt.

Dry cleaning does not remove the resin, but each time this is followed by a pressing the resin will be reactivated and the crease preserved. It is thus possible to build into all-wool garments those easy-care properties which previously were theoretically possible, but which, because of investment costs, were generally seen to be as economically non-viable.

● PHOTOGRAP[illegible]

Visual aic[illegible] for creati[illegible] workers

THE NEW Graphitek 4[illegible] Itek Graphic Products [illegible] a combined camera an[illegible] sor that provides posi[illegible] negatives on either film in just 2½ minutes. Fu[illegible] mated, the unit's viewin[illegible] enables the operator to the image exactly as it reproduced. This conce[illegible] camera-processor as a design tool is new and g[illegible] product wide-ranging tions in design studi[illegible] advertising agencies as in-plant and commercial and newspapers.

The fact that the 43 no plumbing or darkroo[illegible] ties combined with [illegible] compact dimensions, me[illegible] it can be sited nearly a[illegible] on the user's premises. [illegible] in ordinary daylight co[illegible] the operator uses the s[illegible] control the size and foc[illegible] material; seeing it just a[illegible] appear when it emerg[illegible] processed, dry and read[illegible] in a fraction of the ti[illegible] standard darkroom tec[illegible] would take.

It can process film n[illegible] or positives while also care of the origination that precede plate-makin[illegible] includes such functions [illegible] type matter and displa[illegible] reducing drawings and graphs (pre-screened [illegible] tinuous tone) for page m[illegible] advertisement layouts [illegible] chure designs; making fi[illegible] lays for line colour sepa[illegible] and producing complete or dummies for presenta[illegible] can also produce [illegible] projection transparencie[illegible] similar aids.

Itek Graphic Products, 6, Paul Street, London, [illegible] 283 3556.

● INFORMATION RETRIEVAL

Facts found much faster

BRITISH-DESIGNED, a method of obtaining fast random retrieval of microfilmed information could well bring back roll film into the prominent position from which fiche has been ousting it.

The Norfolk Random Retrieval System, a product of Microfilm Equipment Manufacturing (James Lane T/A), will individually code each frame on 16mm film, either by the use of a coding camera of the same name or by a code programmed computer output on microfilm (COM) unit.

Any make of film can be used and there is no waste as the code is located at the bottom of each frame.

At the moment the volume of COM generated fiche is greater than that of 16mm roll film, but the situation could change since MEM can provide software to place the codes on each COM frame. At the same time, the random retrieval units supplied with the equipment actually read the codes rather than counting frames.

Norfolk code relates directly to documents being photographed regardless of the numerical sequence of the material being filmed. For instance, the code could be the last five figures of an invoice number or of a customer account number.

The company asserts that its coding methods coupled with flexible retrieval provide faster and more secure operation than with fiche retrieval.

Coded film can be built up from documents of various sizes and qualities or by COM units. Once a roll has been made, checked and loaded it gives complete file security without possibility of misplacing a jacket o[illegible]

Use of random coding allows [illegible] of the original master, becau[illegible] sequence of coding is irrelevant—frame count or odometer equipme[illegible]

Applications cover every ar[illegible] business, industry and social [illegible] which it is essential to retain amount of information but also to be find it again on demand.

According to the MEM m[illegible] director, Peter Rowledge, microfil[illegible] in Britain this year will be of th[illegible] of £26m. and the market—one of t[illegible] important in Europe—could well h[illegible] explosive growth. Fact storage or is becoming too expensive to conte[illegible] but to operate in modern busine[illegible] is essential to be able to marshal facts than ever before and have ready for fast analysis. Microfilm only economic answer.

Microfilm Equipment Manufac[illegible] Faraday Place Thetford, Norfolk 3RG. Thetford (0842) 3422.

● METALWORKING

Tolerance gauge

AN ELECTRONIC tolerance gauge developed by Thomas Mercer, Eywood Road, St. Albans, reduces the degree of responsibility resting on machine tool operators.

It is a compact free-standing instrument which, in conjunction with a transducer, gives a visual indication of the degree of dimensional tolerance on a given workpiece. The acceptable tolerance is set on a three-digit display on the instrument's control panel. When the transducer comes into contact with the workpiece, the tolerance is shown by a needle sweeping over a green band which is graduated in ten equal parts, each representing 10 per cent. of the selected tolerance.

Inch or metric measurement can be selected, the last digit in the read-out representing 1 micron or 0.0001 in. The allowable tolerance ranges cover a span of 1 mm down to 8 microns, or 0.1 in. down to 0.0003 in. The gauge may be fitted with signal lights which come on when the instrument senses the upper or lower limit of the set tolerance.

Carbide tip grinder works fast

CARBIDE tool inserts, threading tips and similar tooling can be produced at one pass, more quickly and economically, on an improved form and surface grinder to be shown by Ward Grinders, 345 Ringwood Road, Parkstone, Poole, at March 1976 (Birmingham, September 22-October 2, 1976).

The machine uses grinding wheels made from diamond or Borazon (for high-speed steel) materials and is fitted with creep feed. A carbide tip of simple inverted-V form, for example, can be produced at a table feed rate of 3 in/min (76 mm/min), using a form wheel driven at a speed of 3750 rev/min.

The grinding wheel is driven by a 3-hp motor to give six different spindle speeds from 3750 to 15 100 rev/min), using a form wheel driven at a speed of 3750 rev/min.

The grinding wheel is driven by a 3-hp motor to give six different spindle speeds from 3750 to 15 100 rev/min. Table traversing movements are applied hydraulically to give infinitely variable rates in both directions. The table has a longitudinal travel of 18 inches (450 mm) and work up to 7 inches (175 mm) wide x 6 inches (150 mm) high can be accommodated.

● QUALITY CONTROL

Lasers find defects in surfaces

THREE NEW versions of the Type 71 Laser Scanning Analyser have been developed by the Ferranti Measurement and Inspection Group, Dalkeith. Designated models 71C, D and G, the machines have all been designed to inspect sheet materials, or components, for particular features.

The basic analyser is a high-speed high-resolution optical scanner that utilises a laser beam. It is employed for the on-line inspection of moving sheet materials that are nominally uniform in appearance. A low-powered red laser source is used producing a small diameter beam of high intrinsic brightness. The beam is traversed across the surface of the moving material. Detector heads set to receive reflected or transmitted laser light from the material being examined produce signals that are analysed to identify faults.

Information derived from the Model 71G scanner is digitised and held in a buffer store for onward transmission to a computer analysis. For example the 71C could be employed to inspect objects as they pass by on a conveyor for particular geometric characteristics. The output signals from the analyser could then be used to classify and grade these objects. It is also possible to examine the surface of objects while simultaneously identifyng any defects in their boundary outlines.

Model 71D can be used an an on-line optical densitometer capable of monitoring the thickness of translucent materials, such as paper and other non-woven sheet materials, over their full areas and up to 4 metres in width.

Model 71G measures surface gloss and is intended for use in coating and finishing plants. The machine produces a waveform indicating from the surface under examination the distribution of reflected light with angle. The waveform is analysed and a numerical value produced related to the level of surface gloss. A number of parallel tracks positioned across the width of the material web can be scanned simultaneously. While measuring gloss, the Model 71G can also inspect the web for surface defects.

Ferranti, Thornybank Trading Estate, Dalkeith, Midlothian EH22 2NG, 031-663 2821.

● AUTOMATION

Improved position controller

ASEA has improved performance of its photo-electric position transducer used for loop regulation in hot wire, bar or strip rolling mills.

The scanning head is available with either a lead sulphide photo-resistor for non-ferrous metals or a silicon photo-diode which is particularly suitable for higher temperature steel applications. This means that the temperature range covered is wider than previously.

In addition, discrimination circuits have been included to eliminate spurious responses from reflections and other optical disturbances which may be encountered during commissioning and installation.

ASEA, Villiers House, 41 Strand London, WC2N 5JX. (01-930 5411).

● RADIO

Portables out of the ordinary

ONE of the few remaining "all-British" portable domestic receiver manufacturers, Hacker Radio, is clearly taking the view "if you can't beat them, then certainly don't join them."

Faced with the Far Eastern onslaught in transistor radios, the company has further emphasised its pronounced up-market policy with the introduction of two out of the ordinary models.

One is called the Golden Sovereign and its claim to fame is likely to be that it has gold-plated aerial, controls and trim and is finished in real suede leather.

The other is the SP80, a [illegible] the house" stereo transp[illegible] running from battery or designed to give the possible reproduction f[illegible] portable." It does it by m[illegible] two 8 x 4 inch speakers left and right ends of the c[illegible] in separate enclosures.

Sound comes back fro[illegible] and right walls to give [illegible] approximation to stereo. [illegible] ing, decoding and audio are of high quality. Pric[illegible] ever, is likely to be abou[illegible] Norreys Drive. Cox[illegible] Maidenhead, Berks. (0628 2[illegible]

● INSTRUMENT[illegible]

Radar look[illegible] into groun[illegible]

APPARENTLY defying m[illegible] the laws of propagation device called Terr[illegible] developed by Columbia System Service Corporatio[illegible] Microwave Associates.

It is able to detect me[illegible] plastic pipe not less than inches diameter at depths to six feet. The idea was [illegible] ally developed at Ohio university; development was pleted by Microwave Asso[illegible] which is to act as exc[illegible] worldwide licensee for [illegible] facture and sale of the dev[illegible]

The system works in a mode using a special aerial [illegible] is held on to the ground su[illegible] Large pulses involving a one volt potential, over a spe[illegible] "up to 500 MHz" are sent the soil and enough energy flected from the pipe to gi[illegible] depth to a few inches. Pa[illegible] the art is apparently obta[illegible] a good match between the [illegible] and the soil. Calibration is n[illegible] sary for the particular soil ditions. Display is a kind [illegible] scan using LEDs.

All up weight is about 2[illegible] and operation is from a vehicle supply. More from M[illegible] wave Associates, Dunst[illegible] LU5 4SX, Beds. (0582 601[illegible]

● DESIGNED for use in hos[illegible] intensive care units or d[illegible] anaesthesia is a lung venti[illegible] offered by Penlon of Abin[illegible] and designed in collabora[illegible] with the Nuffield Departme[illegible] Anaesthetics, Oxford.

Called the Oxford Ventil[illegible] it has won a Queen's Awar[illegible] Industry which is being sented at the Abingdon fac[illegible] to-day.

The ventilator is driven compressed air at 60 psi. breathing components are a[illegible] clavable.

هكذا اصل الأصل

FINANCIAL TIMES REPORT
Thursday July 15 1976

ACCOUNTANCY

›ming with ɔ swers

rry Riley

ION, by attacking as also shaken the pro- ıccounting itself to its ıdations. The account- ıginal answer to the has been rejected. The purchasing power as embodied in the ill- provisional accounting SSAP 7, was consistent nd precise. It was also to the layman (and sinessmen) and was dis- by being inappropri- plied, notably to the of over-geared property es.

the Sandilands Commit- ted CPP in their report ember they were saying ıan that current cost ng was a better method: re saying that account- oo important to be left ıccountants. More pre- he views of accountants in industrial manage- ave begun to diverge seriously from those g in the professional or c field.

trend was again seen quite recently when pres- om many large industrial ies forced the Account- ndards Steering Group nsider the accounting d on deferred taxation 1 which is due to come ce at the end of the year.

s been a fundamental ıat the historic cost con- which has served so r so long should be seen giving the wrong answer. .K. is scarcely the first country to find this out—the problem was well explored in Germany in the 1920s, for example, and more recently in countries like Brazil. But accounting statements have never been regarded so highly in those countries as they have in the U.K.: even to-day in W. Germany fully consolidated accounts are not yet universal.

Now the Chancellor Mr. Denis Healey has had to take emergency and ad hoc action to relieve companies of taxation on illusory stock profits. The new Price Code takes a further —if arbitrary—step away from historic cost accounting by allowing companies to write up their historic cost depreciation by a factor of 1.3. But for the moment inflation accounting is in an unhealthy limbo, with many companies choosing to ignore the requests of the accounting bodies and the Stock Exchange for estimated adjustments for inflation.

The Accounting Standards Steering Committee, for instance, has urged companies — in particular listed companies — to include in their annual reports supplementary statements giving estimates of inflation-adjusted results. Preferably they should use the CCA method, amplified to give indications of the changes in the real purchasing power of shareholders' funds. Or they could go back to CPP.

Estimates

Meanwhile the Stock Exchange has asked listed companies to give estimates of the the value to the company of assets, and of the cost of sales adjustment as proposed by Sandilands. It withdrew its initial request for indications of changes in the purchasing power of shareholders' funds, however. This was regarded, on second thoughts, as being too ambitious.

Some companies have responded splendidly to the challenge, a few producing full-blooded amplified CCA statements. But many have done nothing, arguing that inflation accounting is still a matter for debate. So it is, but on the present timetable the arguments will be over within the next year.

At present, details of current cost accounting are being discussed within various sub-committees of the Inflation Accounting Steering Group headed by Mr. Douglas Morpeth. The aim is to have a provisional accounting standard ready for publication by the end of November next. After three months of public debate a full standard will then be prepared and will be implemented in company accounts for financial years beginning after December 24, 1977, although it is possible that this timetable will slip a little.

Other countries too seem to be moving in the direction of current cost accounting — though the name; and the practice vary slightly. The U.S. Securities and Exchange Commission (SEC), for instance, is to require the 1,000 or so largest non-financial corporations in the U.S. to disclose the current replacement cost of inventories and productive plant, and give estimates of their depreciation charge and cost of sales adjustment. This will be required for mandatory filings with the SEC in respect of years ending on or after December 28 this year. The disclosures, however, will be in the form of footnotes or supplementary statements, and need not be audited.

In Australia too the Associated Stock Exchanges are to urge companies to adopt some form of inflation accounting, and the accountants are planning to bring out a provisional current cost standard, probably before the end of September. Holland is a well-known stronghold of replacement cost accounting and West Germany appears to be leaning the same way, though with some allowance for monetary items.

The accounting system which will eventually emerge from the Morpeth deliberations will aim to combine the current cost method laid out in the Sandilands Report with elements of general price level accounting. A supplementary statement to the CCA figures will analyse the change in purchasing power of the shareholders' funds and will apportion this to contributory factors like operating gains for the year and the gain or loss suffered in real terms in respect of monetary items. But some would like the effect of monetary gains and losses brought right into the main profit and loss account.

The Sandilands system ignores monetary items. In this respect it is somewhat similar in form to the national income accounts which in addition to estimates of trading profits of companies have for some years included figures for capital consumption at replacement cost and for stock appreciation. At this level the question of the profitability of physical assets can be separated from the manner in which they are financed.

But accounting of course centres around the position of the individual company. All companies extend and receive trade credit and many accountants feel that accounts should inform managements of the changes in real wealth that may be involved. The extreme case is that of a bank, which deals almost exclusively in short-term monetary assets and liabilities. The failure of the Sandilands report to deal with financial companies has proved a major point of criticism.

Again, companies derive long-term finance both from shareholders in the form of equity, and from suppliers of long-term debt. For management purposes this may not be of much relevance when it comes to measurement of profitability. But shareholders are certainly interested in how inflation will influence the gains accruing to them as opposed to suppliers of debt capital.

Here, current cost accounting as originally proposed by the Sandilands Committee appears to be a rather unsatisfactory halfway house. Operating gains are struck after charging interest, whereas pre-interest figures might be more indicative of basic returns on assets. And shareholders' earnings do not get the benefit of any growth in debt-financed assets over and above the cost of finance.

Certainly the Sandilands Report has struck sensitive nerves in some parts of the stock market in its suggestion of very low earnings figures and hence, perhaps, a bias against dividends. Stockbrokers Phillips and Drew, for example, have calculated that even in 1977—when current cost earnings will be much higher than in the last year or two—almost half the constituents of the F.T. 30-share Index are unlikely to be able to cover present dividends on a Sandilands accounting basis.

Needs

One set of problems for the Morpeth Group concerns presentation. There is a need to incorporate a statement of total gains in a way which will satisfy criticism about the extent to which gains are distributable. There is a need to incorporate an analysis of changes in purchasing power of shareholders' funds to satisfy those who argue that otherwise so-called inflation accounting will not deal with inflation, as such, at all.

Another set of thorny problems concerns the practical snags. What is the "value to the business" of an asset? Which of a multitude of specific price indices should be applied to particular assets? How are overseas assets and earnings to be dealt with? Answers to these and many more questions are awaited.

The profession at large

THE BRITISH accountancy profession is one of the most developed in the world and yet it could be said to be one of the most disorganised in Europe. There are no fewer than five principal U.K. accountancy bodies, as well as a whole host of minor bodies. Indeed anyone can call himself an accountant and hold himself out as such to the public, the only restriction being that audits of limited companies can be carried out only by members of the accountancy bodies recognised by the Department of Trade under section 161 of the Companies Act, 1948.

These are the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, and the Association of Certified Accountants. The other two bodies are The Institute of Cost and Management Accountants and the Chartered Institute of Public Finance and Accountancy.

Strengthened

Existing consultative links between all of these bodies, as well as the Institute of Chartered Accountants in Ireland, were strengthened by the formation in 1974 of the Consultative Committee of Accountancy Bodies (CCAB). The CCAB has recently taken over responsibility for the Accounting Standards Committee, the body which sets accounting standards for British companies, from its founder-body, the Institute of Chartered Accountants in England and Wales.

The accountancy bodies made an historic attempt at integration in 1970 under the Institutes of Chartered Accountants but this failed at the eleventh hour in the absence of an adequate majority from the English chartered accountants. However, since 1974 the profession has found a fairly satisfactory way of overcoming this reverse through the Consultative Committee of Accountancy Bodies (CCAB). This enables the profession to present a united front in public and to the Government.

The profession's new Auditing Practices Committee, which is intended to do in the auditing field what the ASC does for accounting standards, is also a CCAB committee.

But for all this co-operation the profession still seems to centre very much around the Moorgate Place headquarters in the City of the Institute of Chartered Accountants in England and Wales, which is the principal and largest U.K. accountancy body.

The public practice side of the profession is dominated by firms of chartered accountants, many of which have offices throughout the U.K. as well as extensive international connections. There are also a number of firms of certified accountants.

Accountancy firms are principally involved in carrying out company audits but the large City-based firms are also extensively involved in management, consultancy, liquidations, receivership and taxation work. Smaller accounting firms tend to provide all-round accounting, auditing and tax services.

There have been many attempts to rank the large accounting firms and estimate their turnover. But few seem to dispute the fact that Peat Marwick Mitchell is the largest firm both in the U.K. and probably in the world. A leading City accountant has estimated that PMM, Price Waterhouse, and Coopers and Lybrand all have total fees well in excess of £20m. each. He calculates that the turnover of Whinney Murray, Thomson McLintock, and Touche Ross is substantially over £10m., while Turquands Barton Mayhew, Arthur Young, Binder Hamlyn, and Arthur Andersen earn in excess of £5m. each.

Salaries obviously vary considerably but in general it would seem that partners of the large City firms must be among the highest-paid individuals in the country.

The industrial side of the profession might be said to include chartered accountants, certified accountants and cost and management accountants, although here again chartered accountants are in the majority and probably hold a greater proportion of boardroom positions.

Members of the Chartered Institute of Public Finance and Accountancy specialise in public finance and almost all of them are employed by local and public authorities. The recently published Layfield Report on local government finance makes three recommendations of particular significance to members of this body:

- A major change in the organisation, functions and strength of the local authority audit service.
- The placing of a statutory obligation on the chief financial officer of each authority to report to his council on specific major financial issues.
- The adoption by all authorities of a system of capital asset accounting. It is hoped that these changes would encourage better use of resources in services which are not marketed, for which there are few objective standards of output against which costs can be measured, and in the development of which a large element of political judgment is involved.

Interest

Another significant development in public sector accounting in the past year was the appointment of Mr. Kenneth Sharp, a former President of the Institute of Chartered Accountants in England and Wales, as head of the Government accountancy service and accountancy adviser to the Department of Industry. This appointment indicates an increased interest in Whitehall in financial disciplines and is also likely to improve relations in that area between Government and industry.

On the education and training side, all the main bodies have made changes and improvements in the past few years. The prospective English chartered accountant, having attained a satisfactory level of secondary education, has two options; he can go to university and obtain either an approved degree or any other degree or he can attend a nine-months' foundation course at a polytechnic or technical college.

Students holding an approved university degree are exempt from the Institute foundation examination, whereas other graduates are not. All graduates are then required to undertake a three-year training contract, or articles as it used to be called, with a practising chartered accountant authorised by the Institute to accept students. Non-graduates successfully completing a polytechnic foundation course are also exempt from the foundation examination but they must undertake a four-year training contract.

Michael Lafferty

New era of standards

THE WORK OF THE Accounting Standards Committee (ASC) has entered a new phase over the past year. Since it was established early in 1970, the Committee has more or less completed the first five-year programme of reforms which it set itself under the leadership of Sir Ronald Leach. There are some loose ends still to be tied up, both in reconsidering some of the more controversial proposals already put forward and in developing accounting standards in areas not so far covered. Essentially, though, the Committee has fulfilled its first main task of removing the most glaring anomalies in accountancy practice and reaching a reasonable consensus on a set of rules governing the main elements of company reporting to shareholders.

Over the next couple of years, under the new chairmanship of Sir William Slimmings, the activities of the ASC will be conducted in a considerably wider context. Recognition of this point has already been demonstrated by the expansion of the Consultative Group of interested parties which provides general guidance to the Committee to include, among others, the TUC. A number of the issues to be debated, though relating to the functions of the accountant in his professional capacity, also involve broader questions where other groups including the Government and the unions as well as company managements have vital interests.

One of the fundamental developments was last year's publication of "The Corporate Report," setting out in the form of a discussion paper some basic ideas on the purpose and content of company reports. This controversial document was a major break-through for the profession itself, taking the discussion of the responsibility of accountants on to an entirely new plane and questioning the whole philosophical basis of accepted accounting rules. It has also clearly made a large contribution to the Government's own thinking on the subject as presented in the consultative document recently circulated.

This document, expected to form the basis of a White Paper before the end of the year, provides a wide-ranging review of the aims and scope of company reports, as part of the general re-assessment of company law. This includes aspects such as the industrial democracy issue now being studied by the Bullock committee of inquiry and possible reform of the securities market. The recent document itself ranges widely to deal with social accounting, segmental reporting, industry efficiency indicators and conflicts between a director's personal interests and his responsibilities to his company.

Statements

Specifically, it also proposes no less than four new statements for inclusion in company's annual reports. These are: a statement of value added: an employment report; a statement of prospects and a statement of corporate objectives. Of these, the most likely for action in the near future appears to be the value added statement, which would show how much wealth had been created by a company and how it had been shared out between employees, shareholders, the Government and the company.

The role of the auditor is also central to the more modest changes set out in the current Companies (No. 3) Bill recently introduced by the Government. Among other items, this would considerably strengthen the position of the auditor in situations where he is in dispute with a company's management—thus effectively providing backing by statute for the enforcement of accounting standards.

The second major recent development was publication of the Sandilands report on inflation accounting and the subsequent moves towards implementation of new rules. It is hoped that an exposure draft will be published late this year with a view to being implemented as a full accounting standard for larger organisations for accounting periods beginning after December 24 next year.

This fundamental reform of accounting practice involves a lengthy exercise in taking views on the current cost accounting proposals of Sandilands and threading a way through the heated debate which has taken place over the merits of the system. It is likely to be necessary to arrive at some sort of compromise. the presentation of the Sandilands system being adapted to incorporate some form of general monetary adjustments, as has been advocated both by the profession and by much of the City.

It will occupy much of the time of the ASC over the next two to three years. with other proposals inevitably taking second place to this vital exercise.

Sandilands also has direct significance for example for the argument over deferred taxation. The standard on this subject was published in September last year, taking effect from the beginning of this year, with the principal requirement that deferred taxation should be accounted for on all material differences of timing, using either of two alternative methods. This, however, has come under considerable criticism from industry and the City on the grounds that the amounts set aside as deferred tax are only rarely likely to become payable.

The introduction of tax relief on stock appreciation and the planned implementation of Sandilands will greatly inflate the amount of deferred tax in company accounts. It has been agreed, in the light of these changes, that the standard should be reviewed by the ASC.

The deferred tax standard has been among the significant moves made in the standards programme in the past year or so. Other recent developments have included a supplementary statement to the existing standard on extra-ordinary items and prior year adjustments, sorting out some problems of interpretation; and a revised version of the exposure draft on research and development.

Uniformity

In parallel with the U.K. developments, the International Accounting Standards Committee has continued to make considerable progress with its aims of setting out basic standards to form the foundation of greater uniformity in accounting worldwide. Among its recent important moves has been the publication of its standard on the subject of consolidated financial statements. The requirement to publish consolidated figures is likely to have a substantial impact in a number of countries where such accounts are at present rare. At the same time, it is recognised that the search for greater international uniformity of approach has implications for the domestic developments in the U.K., since acceptable standards may not in all respects accord completely with national regulations or legislative requirements.

In the U.K., the ASC still has a number of specific areas of accounting practice to look at on the list of its forward programme. These include the problems of accounting for goodwill, for leases and for pensions, which are expected to come under examination in the fairly near future, as well as the fundamental principles, form and content of group accounts and accounting for exchange rate changes. The experience of other countries such as the U.S. suggests, however, that leases in particular are likely to prove a tricky problem. And it is clear in any case that the energies of the ASC are, as a matter of simple priorities, likely to be largely absorbed for some time in the Sandilands proposals and in the wider issues of the corporate report.

The profession has learnt some important lessons from the first stages of the accounting standards programme, in which its main concern has been to overcome immediate problems. There can be little doubt that it has also suc[ceeded] in enhancing its own [...] markedly.

Even in the specialise[d ...] of accounting practice [...] have been the main con[cern of] the ASC so far, howev[er, an]other point which has e[merged] clearly is that the sear[ch for] practical methods of rea[ching] uniform accounting can [only be] successful if the propos[als put] forward by the experts [receive a] wide measure of general [agree]ment and support. The a[ccount]ants have had to carry i[ndustry] with them. And in the n[ext stage] of change it will be eve[n more] important for a broad co[nsensus] of opinion to support the [funda]mental developments now [on the] horizon.

Michael Bla[...]

More power to auditors

THE PUBLICATION of the Department of Trade inspectors' report on London and County Securities in January, 1975 highlighted the need for the accountancy profession to devote more attention to auditing standards. Until then the accent had been heavily on the side of accounting standards, covering such matters as the way stock valuation, depreciation and deferred tax appear in company accounts, as well, of course, as the whole area of inflation accounting.

But ensuring adherence to laid-down accounting standards really only covers one aspect of the professional accountant's auditing work. There remains the vast field of how he conducts his audit in practice. And with some 10,000 accounting firms in the U.K. auditing over half a million companies, it is difficult to imagine that they are all applying more or less the same standards of inquiry and verification in their auditing work. Perhaps the most obvious indication of this is the pressure which private companies seeking a Stock Exchange listing find themselves under to change their auditors to one of the better-known City "reporting accountants."

Auditing standards could go a considerable way towards solving the problem by informing each auditor of the minimum procedures which he must apply in the course of his audit.

The accountancy bodies, and principally the Institutes of Chartered Accountants, have responded to this need by setting up an Auditing Practices Committee (APC) under the chairmanship of Price Waterhouse partner, Mr. Richard Wilkes.

The committee is expected to issue its first draft auditing standards towards the end of 1976. The programme it is following, which incidentally is almost identical to the auditing standards programme already developed in the U.S., covers the following main areas:

1. **Personal Standards**, such as independence, proficiency and integrity.
2. **Operational Standards**, including methods of evaluating accounting systems, the planning and control of audit work, and detailed audit procedures.
3. **Reporting Standards**, the nature of the audit report, and the status and application of qualifications and reservations.

The first auditing standards will probably deal with the auditor's independence and the structure of the audit report.

The independence problem is probably the most difficult matter to be dealt with in the area of personal standards. The committee will have to decide, for example, whether auditors and their staff should in any circumstances be allowed to hold shares or other positions in client companies, as well as to what extent an auditing firm should be dependent on any one audit client. In the latter area the accounting bodies have already indicated that no client should account for more than 15 per cent. of a firm's total fees. It is very noticeable that many medium-sized accounting firms, with perhaps one major quoted company client, which would not have been able to meet this requirement, have been merging with other firms in the past few years.

A considerable amount of work has already been done in the operational standards area—the fieldwork of the audit—by the Institute of Chartered Accountants in England and Wales through guidance statements on auditing, which it has been issuing since 1961. Apart from such matters as the need to maintain an audit plan and adequate working papers, standards might be issued on the auditor's attendance at stocktaking, debtor circularisations and the fact that the audit must be performed by or under the control of an experienced and competent auditor.

Candidate

The form of the audit report is a prime candidate for reform. At present it is often difficult to determine the seriousness of qualified audit reports, many of which seem to relate to little more than technical departures from accounting standards.

But it is all very well for the accountancy bodies to respond to public criticism—as they did with accounting standards in 1969 and now with auditing standards—by declaring that they are going to promulgate a whole series of definitive standards.

It can be argued that the professional bodies should consider financing an organisation which does not have to await the results of comparatively rare Department of Trade inspectors' reports before launching their own inquiries. It seems clear that the only way to ensure the maintenance of minimum audit standards is by internal inquiries into individual accounting firms. Unlike accounting standards, deviations from laid-down auditing standards—once they are issued—will not be apparent from published accounts. Moreover, a feature of the U.K. financial system is that, unlike in the U.S., British accounting firms do not have the ever-present threat of public lawsuits to keep them on their toes.

While the London and County report itself has no doubt led the accountancy bodies to throw more weight and resources into the development of audit standards, active discussion is under way within the profession about other solutions to some of the problems which have emerged. These include what are called "peer reviews" and the establishment of audit committees.

The peer review, under which accounting firms open their files and operations to an independent public review or audit work quality controls by fellow professionals, has recently been approved by the council of the American Institute of Certified Public Accountants.

The AICPA says the review programme is not intended as a means for taking disciplinary action. However, if serious violations of technical standards are discovered as a by-product of a review, and the firm has not taken corrective action, the reviewers would not be precluded from referring such information to the Institute's professional ethics division.

Well-known firms which have opted for the peer review in the U.S. include Peat Marwick Mitchell, Price Waterhouse and Haskins & Sells. However, Arthur Anderson, another major U.S. firm, has decided to go the whole way and have its next financial statements audited by Haskins & Sells, becoming the first firm to do so.

Audit committees are already obligatory in parts of Canada and are made up of non-executive directors. The aim is to establish a group independent of management with whom auditors may discuss problems or controversial issues that may arise in the course of their work. Unfortunately, non-executive directors in the U.K. have not appeared to perform impressively in a number of critical company crises. In addition it is not yet mandatory to have non-executive directors on the Board, and the alternative of a supervisory Board does not exist either.

Measures considerably strengthening the position of auditors have been proposed in the Companies (No. 3) Bill which recently reached the committee stage in Parliament. The Bill requires an auditor who resigns to state in writing if there are circumstances connected with his resignation (this does not include the auditor's staff) which should be brought to the attention of shareholders or creditors. Where such circumstances exist the auditor will be required to say what they are, and a copy of his statement must be sent to shareholders and filed at the Companies Registration Office. This provision is intended to deal with the situation of an auditor who seeks to avoid his responsibilities by resigning rather than qualifying his report or being in dispute with the directors. The Bill also gives the retiring auditor the right to requisition an extraordinary general meeting of the shareholders to consider the circumstances connected with his resignation.

M.L.

ACCOUNTANCY APPOINTMENTS

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Our client is perhaps the most respected major international firm of Chartered Accountants. Working in Dammam and Jedda, the Audit Seniors we are seeking will benefit from the firm wide training programme and the policy of rapid promotion of good seniors.

The range of jobs will be broad, including construction, manufacturing and service companies. Clients turn over from £1 million to £500 million and many are large subsidiaries of U.K. or U.S. organisations. The sophisticated audit procedures used by the London firm are implemented locally in full.

Although ability to speak Arabic would be useful, this is not essential. Qualified accountants (or finalists) of any nationality including British, with large or small firm experience, should apply. Applicants, who may be single or married with or without children, must be graduates.

Please telephone or write to Graham Webster, A.C.A., M.B.A., quoting reference A/297.

E.M.A. Management Personnel Limited
Burne House, 88/89 High Holborn
London WC1V 6LR
01-242 7773

C&L — GROUP FINANCE MANAGER

West End — from £14,000

CHLORIDE

Chloride Limited is now the world's largest and most profitable producer of rechargeable batteries with companies in 40 countries. Its turnover in 1975/76 exceeded £200million.

A major factor in Chloride's successful progress has been its concentration on building a strong management team and the development of a management style which allows individuals to contribute fully to the Group's strategic decision making.

A successor to the present Group Finance Manager, who has been promoted to a divisional director position, is now being sought. Reporting to the Executive Vice Chairman, he or she will manage all central finance functions including insurance and taxation.

This is a career appointment and the person appointed will have an outstanding opportunity to make a real contribution to the growth of the Group, and will be expected to do so.

Basic requirements are

* A qualified accountant aged from 38
* Substantial experience at the centre of an industrial group employing sophisticated financial planning, control and investment appraisal systems
* Some previous involvement in international financing operations and dealing with the City.

Salary negotiable from £14,000 with excellent fringe benefits including a company car.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

E. J. Robins, The Executive Selection Division – MF638.
Coopers & Lybrand Associates Ltd., Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

C&L — FINANCIAL CONTROLLER

SUFFOLK — c £7,000

Our client, in the metal manufacturing industry, wishes to recruit a financial controller, male or female, to act as the chief financial officer and company secretary. The company is a subsidiary of a major American corporation.

The person appointed will be expected to participate as a member of the company's executive management team as well as the European Financial Group in the strategic planning and operations of the company.

We envisage that the successful applicant will:-

* be a qualified accountant;
* be aged 35 to 45;
* have proven ability in the fields of financial and management accounting in a manufacturing company with adequate experience in legal and tax matters;
* be able to motivate a small but effective team.

Salary is negotiable, together with substantial fringe benefits including relocation expenses where appropriate.

Please write, giving brief but comprehensive details of your career and salary to date, to Executive Selection Division, MD/637.

Coopers & Lybrand Associates (Midlands) Limited,
Management Consultants,
Lyndon House, 63 Hagley Road, Edgbaston,
Birmingham B16 8PN.

Finance Manager

£6500 : North West

A major British engineering group requires a Finance Manager for one of its smaller businesses, turnover £1.5m., located near Liverpool.

A qualified accountant aged 30 to 45 is required, preferably with previous experience in engineering industry. The Finance Manager will be responsible for the complete finance and accounting function and will need drive to improve systems and management information and maturity to join a small, largely autonomous management team.

Salary will be £6,500 per annum plus large company benefits. Success in this position could lead to further career development in this major group.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1266.

This appointment is open to men and women.

ASL CONFIDENTIAL RECRUITMENT — 17 STRATTON STREET LONDON W1X 6DB
A member of MSL Group International

Financial Controller

£8,500+

Chesterfield Properties Ltd. a London based property development and investment group with interests in France, Holland and Germany wish to appoint a Financial Controller who is of sufficient calibre to justify a Board appointment within a period of 2 years.

The appointee will be located at the company's head office in London and will be responsible for all financial aspects of the group's business, with special emphasis on developing the group's accounting procedures, preparing periodic accounts and *management information* and in *particular, ensuring* that financial resources are properly planned and controlled.

This is a new appointment and successful co-ordination of the wide range of *responsibilities envisaged will require a willingness to make regular visits to Europe.*

A recognised accountancy qualification and a minimum of 5 years' post qualifying experience are mandatory requirements. A knowledge of French would be regarded as *an asset.*

The salary is negotiable—certainly around £8,500 p.a., perhaps substantially more for really able candidates. A company car will be provided at the time of appointment to the Board.

Candidates, male or female, should write for a personal history form, quoting reference MCS/1903 to Ashley S Phoenix, Price Waterhouse Associates, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

GENERAL APPOINTMENTS

INDONESIA

A challenging opportunity exists for a

Merchant Banker

to go and run one of the Financial Institutions/Merchant Banks established in Jakarta.

The rewards would be substantial both in terms of cash and in terms of potential job enjoyment but a successful candidate must be experienced in lending money and in corporate finance work as well as being a person who adapts easily to a strange and potentially lonely environment.

It is most unlikely that a suitable candidate will have had less than ten years' relevant experience and currently be earning less than £10,000 per annum.

Please write to box A5636, Financial Times, 10 Cannon Street, EC4P 4BY.

FINANCIAL DIRECTOR

to £17,500

Diversified Group with a turnover around £30m seeks a Financial Director to initiate and control financial policies. The successful candidate will work closely with operating Company Boards and the Group's financial advisers. Salary negotiable to £17,500. Location, Hertfordshire.

Candidates, aged 35-48, will be qualified accountants. They should have experience at the centre of a multi-product Group. Earlier experience at divisional or factory level would be an advantage. Flexibility and business acumen are essential. (TT.471)

Candidates male or female should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1. quoting reference. No identities divulged without permission.

EAL

Pacific Islands

Accountant £7800+

The Gilbert Islands Development Authority wishes to employ a Chartered or Certified Accountant to join its existing team of U.K. qualified accountants. The Authority is a statutory corporation carrying out diverse commercial activities as well as various public services in the Central and Western Pacific. The contract will be for an initial term of either two or three years' residential service (at the option of the employee). In addition paid leave is given of six days per month overseas after the tour (although if the employee opts for the three-year tour, half the leave can be taken after 18 months).

Approximately £3,500 p.a. of remuneration is payable in Australian dollars and subject to only low rates of local taxation. Over £4,300 p.a. is paid in sterling free of taxation. Other benefits include furnished housing at nominal rental, free air fares for eligible family, outfit allowances, removal costs, etc.

Applications in writing only to A. J. McDonald, Hays Allan, Southampton House, 317 High Holborn, London WC1V 7NL, giving age, personal, career and experience details.

CONFIDENTIAL REPLY SERVICE

Financial Planning

One of Britain's leading engineering companies, facing opportunities for rapid expansion internationally, invites applications to carry out a key function on its Corporate Headquarters Finance Staff in London. The work entails the establishment and monitoring of future budgets and plans for the Company's wide range of operations in the UK and overseas, and also the evaluation of businesses for purchase and sale.

Successful applicants, male or female, will have a financial qualification. They must demonstrate their ability to work without supervision and have had substantial experience in the relevant fields, including exposure to industrial environments.

Salary will be in the range £7,500 to £10,000 per annum.

To apply, please write with relevant career details to Mr. J. Russ at the address below. Please list companies that don't interest you in a covering letter.

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P.O. Box 34,
Oriel House, Oriel Road,
Cheltenham, GL50 1XS.

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MINING ANALYST

Rowe & Pitman, Hurst-Brown are seeking an analyst to join the mining section of their research department. Applicants should have had at least two years' experience preferably with emphasis on the base metals. A background of stockbroking research, mining finance or mining would be appropriate, together with the ability to produce well researched reports for colleagues and clients.

Good salary and conditions with profit-sharing bonus. Non-contributory pension scheme and life assurance.

Applications to:—
P. N. Smith, Staff Manager,
ROWE & PITMAN, HURST-BROWN,
City-Gate House, 39-45 Finsbury Square,
London EC2A 1JA.

R&P

Accountant
—Commodity Trading Group

A very active Commodity Merchant—dealing mainly in Cocoa—itself part of a large City financial institution, is looking for an Accountant to control its own small group of companies' accounting functions.

Although the successful applicant's prime duty will be that of group accountant there will also be the opportunity for the right person to become involved in general business activities.

The ideal candidate—male or female—will be in the age group 28/35, possess an accounting qualification and preferably have had some experience in the Commodity field.

The salary considered appropriate will be in the £6,500/£7,500 range and there are other employee benefits attaching to the appointment.

Please write giving full but concise details of your age, education and career history and state the names of any organisations to whom your letter may not be sent: B. M. Doyle, Selection Consultant (Ref. 747).

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Section Z, I.V.S.,
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Accountancy Appointments appear every Thursday
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Financial Director

This is a Board appointment in a Company employing 1500, with a £12m turnover, which is an autonomous subsidiary of a major UK *engineering Group. Supported by qualified* assistants and a staff of 50, he or she will be responsible to the Managing Director for financial policies, controls and reports and will act as Secretary to the Board.

The requirement is for a qualified accountant with several years industrial experience in engineering companies in large scale manufacture and assembly, preferably on payment by results. The Financial Director will make a personal contribution, based on stature, maturity and experience, to the overall operation of the Company, and, with the finance department, in assisting line management in the major tasks of increased efficiency and reduction of costs.

Age preferably 37-47. Salary by negotiation; Company car; relocation expenses paid to pleasant area in the Northwest. There are excellent prospects for progression into general management following success in this post.

Please apply with full career details to *Position No ASF 5725, Austin Knight Limited,* London W1A 1DS.

Applications are forwarded to the client *concerned, therefore companies in which you* are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

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We wish to appoint an experienced banker to assist in the development of our international investment business, particularly with British institutional investors. This important new senior position requires professional qualification and good connections in financial marketing and investment circles. Preferred age between 35 and 45 years. Salary is negotiable and payable in DM.

Please write in complete confidence to:
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GENERAL APPOINTMENTS

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c. £15,000

A major British group with world wide interests seeks a Managing Director for an important UK based high technology subsidiary. The immediate task is to improve profitability on a current sales volume of some £10 million: thereafter the aim must be towards doubling turnover whilst maintaining the higher ratio of profits to sales. The person appointed may have a finance, marketing or engineering background – he/she must have a clear record of successful general management in a technically oriented industrial marketing environment. Experience of high level negotiations with government departments and major industrial organisations at home and overseas is also necessary. Salary will be of the order of £15,000 and there are the usual large company benefits. Location: Southern England.

(PA Personnel Services Ref: GM3/5678/FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Management Consultancy

£6,000-£10,000

Deloitte, Haskins & Sells, Management Consultants (formerly Deloitte, Robson, Morrow & Co.), are seeking a number of additional consultants to carry out an increasing range of consulting assignments. Assignments are undertaken for organisations in industry, commerce and the public sector, both in the UK and to a growing extent overseas.

The varied work, aimed at identifying and helping to solve management problems, provides a unique and challenging opportunity for men or women to develop rapidly and to extend fully their professional expertise. Prospects of promotion are excellent and the firm can offer stability of employment within the framework of a large international audit practice. Considerable importance is attached to the ongoing development of consultants by a continuous training programme and by working with consultants from other disciplines within the firm.

Candidates, aged between 26 and 32, must be able to demonstrate that they are above average in technical competence and practical achievement. They must be able to think analytically and constructively, express themselves clearly both orally and in writing, and cope at times with considerable pressures. Candidates must have a good honours degree and/or a recognised professional qualification, plus some 3 years' significant experience.

Further consultants are needed in the following disciplines:

DP

Feasibility studies, equipment selection, advanced technical studies, project implementation, and systems review. Ref. 554/B.

Accountancy

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Admin/O&M

Management structure and organisation studies, and the review, design and implementation of administrative systems. Ref. 556/B.

D

Please send details of qualifications, career and salary progression, quoting the appropriate reference, to: A. C. Crompton,

Deloitte, Haskins & Sells, Management Consultants,
34 Farringdon Street, London EC4P 4DL.

CJA

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CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
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Let's face it, serious business problems fill some with a constructive form of elation and others with paralysing panic or the desire to run a mile.

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We are the Printing and Publishing Industry Training Board and provide an essential training and advisory service to companies including those whose training practices are already at an advanced level. We have vacancies for Advisers in London and the South-East where large and small companies are seeking our help with their training related problems. However, the essential nature of these problems is usually a business snarl-up somewhere be it a production bottleneck, cash flow, poor marketing, machine underutilisation, personnel or the like. Some may allow for several months negotiation – others need a twenty-four hour solution, none are petty, all need expert solutions.

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Before you apply, please consider the following points; we're looking for real flair and expertise coupled with an exceptional kind of personality but if you still think you can meet our requirements, write or phone for an application form to Peter Lithgow, Printing and Publishing Industry Training Board, Merit House, Edgware Road, London NW9 5AG. Tel. No. 01-205 0162.

PPITB

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Chase Manhattan Limited is seeking an experienced Manager to assume full responsibility for the operation and expansion of its Eurobond Sales network.

To qualify you must have a good working knowledge of market practice and the banks and other institutions active in this market, gained from direct prior experience. Based in London, the appointment calls for frequent European travel.

This is an outstanding opportunity for a qualified professional, male or female, to further their career in a responsible position with excellent growth prospects.

An attractive remuneration will be negotiable according to experience and potential.

Please write with full career details to Dennis Bell, P.O. Box 440 London EC2P 2HD

PUBLIC COMPANY REQUIRES COMPANY SECRETARY

The candidate must have previous experience in all aspects of this position. The duties would further involve corporate finance and management accounts. The applicant, who must have initiative and be capable of assessing opportunities, will be responsible to the Board. Salary negotiable.

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Circa £7,000 **U.K. Based**

A major multinational corporation engaged in manufacturing, with an aggressive worldwide distribution network, requires a financially orientated man or woman who has the ability to appraise and negotiate the financial arrangements in support of marketing and sales.

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Candidates, ideally with experience gained in an international bank or export sales orientated company, should possess knowledge of export credit insurance (HERMES, ECGD, COFACE, etc.) and have the potential to assume increasing responsibility. An accountancy or business qualification will be advantageous. Salary will be negotiable according to experience and ability. **Applications in confidence to D. G. Muggeridge reference 5700.**

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Major International Bank

Our Client is actively engaged in the provision of professional advice and consultancy to a broad spectrum of multinational corporations on the management of their international treasury operations with emphasis placed on the foreign exchange and international money markets.

Continued expansion of the Treasury Management Group has created the need for a further position to maintain and develop the department's activities. Ideally in your mid 20's and probably with a relevant professional qualification, you will have acquired experience in the dealing room of an International Bank, or alternatively are currently working in the International Treasury of a multinational corporation.

The prospects for personal development within the bank will be particularly attractive to those with personal qualities of drive, determination and tenacity.

For further details in strict confidence contact A.J. Tucker, M.A., A.I.B., on 01-405 3499.

Lloyd Executive

Bloomsbury House, 50-51 High Holborn, London WC1V 6ER. Tel: 01-405 3499

LEADING CANADIAN Investment House has a vacancy for a person having experience in the preparation of portfolio valuations and reports. A general knowledge of Stock Exchange practices would be advantageous. There are excellent prospects of promotion for successful candidates. Pension schemes, etc. Salary according to experience. Write Box A.5635, Financial Times, 10, Cannon Street, EC4P 4BY.

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Applications are invited from qualified accountants with consultancy experience for a senior position in a consulting practice in South East Asia, based in Singapore.

The appointment is at a high level and the requirements of the position call for expertise in:-

- corporate planning
- general management
- finance and accounting
- computer services
- liquidations and receiverships

Candidates should have several years executive experience in industry as well as in professional consultancy.

Initially, the contract will be for a period of two years and there will be three months' paid leave with fares on completion of the contract. Starting salary will be commensurate with qualifications and experience and will not be less than £14,000 per annum. Housing costs will be subsidised.

Replies giving brief career details should be addressed Box No. A5640
Financial Times
10 Cannon Street
London EC4P 4BY.

Senior Securities Clerk

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Morgan Guaranty, a leading international bank, requires an experienced clerk with at least five years' experience in a broking or banking environment to join its expanding and active Custody Group.

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Please write, enclosing details of age, experience and current salary, to Ronald Binham, Morgan Guaranty Trust Company of New York, 33 Lombard Street, London EC3P 3BH. Telephone 01-283 8888, Extension 590.

Morgan Guaranty
Trust Company of New York

THE INTERNATIONAL HOTEL ASSOCIATION
L'ASSOCIATION INTERNATIONALE DE L'HOTELLERIE

SECRETARY-GENERAL

The IHA wishes to appoint a Secretary-General who will be based at its headquarters in Paris.

Responsibility for the administration of the Association's affairs and finances demands a person with first class organisational ability: he/she will control a secretariat of about 20 people.

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ONY THORNCROFT

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or Freddie Phillips
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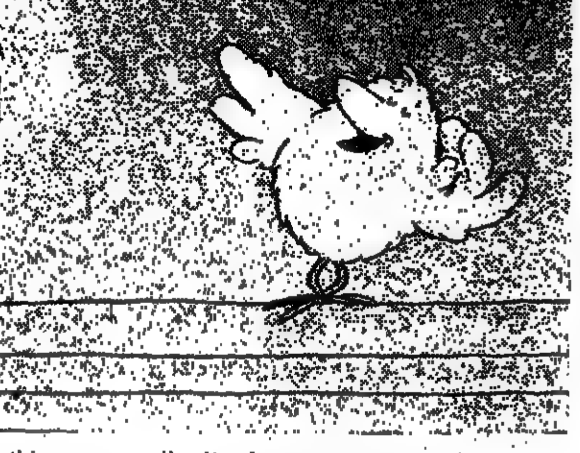
"we are trying to change people's attitudes to the telephone."

His other major campaign, to get new subscribers, has been very successful and half U.K. homes are now on line, but many of the new telephone owners, especially among the C2, D's, rarely use their new consumer durable—and half the P.O.'s £2,000m. annual revenue from its telecommunications activities comes from charging for calls. So while more telephones are rented the average annual number of calls made per phone has fallen from 1,300 a year to around 1,200 (and



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call. As Phillips says

three-quarters of these will be business calls).

The new advertising campaign should at least be noticed—the last exercise produced an awareness level of 67 per cent., according to research, an exceptionally high response. But any success in getting subscribers to make more calls, particularly in the under-utilised off-peak periods, will be swamped by the overall improvement in telephone revenue.

Phillips can already detect the pick-up in the economy in terms of a drop in the number of withdrawals from the service and an increase in new subscribers (who rose by over 4 per cent. in less than prosperous 1975). He expects a 6 per cent. gain this year, and a 5 per cent. rise in revenue from calls. The advertising will help—but it will also prove that the P.O. has the confidence again to think it has something worth marketing.

Eggs out of TV

WITH the cost of television to advertisers around 30 per cent. above a year ago, and the audiences for ITV 10 per cent down, there is bound to be some rethinking by companies. But while many advertisers threaten to move their expenditure elsewhere, the different selling abilities of television and the Press often make such a strategy impracticable.

It is quite significant, then, that the Eggs Authority is determined to switch its next two advertising bursts, planned for the autumn and winter of 1976, out of television. With its new agency, McCann-Erickson, it has decided that its budget of £160,000 can get better value for money elsewhere, even though it expects higher ITV audience ratings by the autumn.

Advertising Association Conference opens to-day

Revived spirits . . . and fortunes

BY ANTONY THORNCROFT, MARKETING EDITOR

THE Advertising Association's jubilee conference opens in London to-day in much better heart than the last such gathering departed from Brighton two years ago. Then advertising was hit by a recession which everyone knew was going to get worse. In addition there was a new Labour Government which, in the person of Shirley Williams, told the delegates to do something about the abuses in advertising—or else the Government would slap on controls.

This week we have an advertising revival which is still growing apace, and the flurry of activity by the Advertising Association after Brighton produced reforms which have lessened the likelihood of Government interference—at least in the immediate future. It will be surprising if the 800 participants are not feeling rather pleased with themselves.

But then advertising people are notoriously fickle in their moods—a few bad months and they think advertising is a dying business; a revival in expenditure and all the gloom is quickly forgotten. A more rational assessment would be that advertising has come through the intervening period in a much better state than might have been forecast, but that this is still an industry in decline.

The figures prove it. Last year, according to the Advertising Association, total advertising expenditure rose by £67m. to £967m. But this was not enough to halt the fairly persistent fall in advertising's share of the Gross National Product—now 1.04 per cent. as against the 1960 peak of 1.42 per cent. Compared with inflation, 1975 was the second successive year of lack of real growth.

The fact is that advertising follows inexorably the pattern of the trade cycle, but with each turn of the wheel advertising comes out a little less buoyant. At the moment, of course, this is hard to believe. Television, always the first medium to experience the revival, is almost embarrassed by the amount of advertising that is pouring in—£108m. net in the first half of 1976, a rise of 40 per cent. on 1975.

The Press, especially display, is now joining in the upturn, and should enjoy a good year, with the prediction of Harold Lind, the Advertising Association's economist, that 1977 will be just as prosperous for the industry (with the problems perhaps starting by the autumn). With companies in a confident and expansionary mood advertising must benefit, and even the decline in living standards does not seem to be dampening the general optimism or the effectiveness of advertising.

It could well be that the advertising agencies will be much more sensible during this boom. The 1974 recession hit them badly, and there was a dramatic shake out in staff—down to 13,000 from 20,000 a decade earlier. Saving on staff salaries is the quickest way of economising in the main cost area so the well-run agencies managed to survive the period of higher costs and lower revenue. Now there is extra caution in recruiting.

Indeed agencies are rather different institutions, concentrating on creative and media functions while their more sophisticated clients handle the main marketing strategy internally. This year, with costs under control and income rising, agencies, in particular the large agencies with important television advertisers as clients, should do very well.

The actual structure of the advertising industry has changed little since the 1974 AA Conference. A few agencies have merged; radio has established itself as a successful new medium; the outdoor industry has reformed itself, again—but the structure is about the same.

Salaries are comparatively lower compared with the boom years in the early sixties, and there must be worries about the lack of attention being given to recruitment in the agencies, but the same names dominate. They may be more industrious places but that is no bad thing. Even the emergence of the independent media buying operations, who now claim to handle £40m. of advertising expenditure a year are a controllable threat to the agencies.

TOTAL ADVERTISING EXPENDITURE AND ITS RELATION TO CONSUMERS' EXPENDITURE AND GROSS NATIONAL PRODUCT

Year	Total Expenditure in 1970 prices £m.	Total Expenditure in current prices £m.	Total Expenditure as a percentage of: Consumers' Expenditure	Gross National Product
1961	436	338	1.90	1.38
1962	436	348	1.84	1.36
1963	465	371	1.84	1.37
1964	500	414	1.93	1.41
1965	514	435	1.90	1.38
1966	516	447	1.84	1.35
1967	507	451	1.77	1.29
1968	520	503	1.85	1.36
1969	563	544	1.87	1.36
1970	554	554	1.76	1.26
1971	544	591	1.68	1.20
1972	604	708	1.79	1.28
1973	708	874	1.94	1.36
1974	667	900	1.74	1.22
1975	564	967	1.54	1.04

A less controllable threat is the Government. After the Brighton conference the Advertising Association co-ordinated a levy operation which now raises around £350,000 to finance a larger Advertising Standards Authority and to pay for the advertising campaign which encourages the public to make justifiable complaints about particular advertising campaigns.

In the first year there were roughly 4,500 complaints as against 500 before the ASA publicised its activities. But as an Advertising Association report last week indicated advertising comes low down on people's priorities, and almost three quarters generally approved of it.

Although advertising generally is out of the firing line certain categories, such as drink and tobacco, are still being affected, and there is the strong possibility of further controls on tobacco advertising. In the background there are also Labour activists proposals, which at the next Party conference could become official policy, to bring in official controls, and also an advertising tax. Since this would cripple the press it is not a likely starter, but not all the political pressures have disappeared.

The Office of Fair Trading has powers which it could introduce without an act of Parliament and these could inhibit various types of advertising, such as classified, and there is always the danger that some rulings from the EEC in Brussels, which seems to be anti-advertising, could suddenly hit the U.K. But in the main attacks from outside are not a principal worry of the advertising industry at the moment.

Alex Jarratt, chairman of Reed International and also of this year's conference, reckons that the major change since the last gathering is that the economic dangers have overtaken the political in importance to the advertising industry. "Two years ago we felt threatened by circumstances that we did not have any control over. That threat has gone away—or at least is held in baulk."

Indeed, Jarratt sees this conference, under its title "What Price Choice" as advertising, and marketing generally, taking the initiative again. That is why in to-day's sessions at least some relatively philosophical debates are scheduled. There is the feeling that advertising has proved itself to its own, and perhaps its critics', satisfaction and that now it should go out and sell its skills to a more responsive British industry, or in Jarratt's words "a reaffirmation in the belief of a marketing orientated private sector, and the proper place of advertising in that role."

Whether many delegates will see their participation on such a grand scale is doubtful. A large minority will be looking for new business and it will be interesting to see whether holding the conference in London might not lessen the wheeling and dealing side of affairs, always relevant when a group of industry peers gets together. The entrepreneurial spirit, which has enabled advertising to emerge quite strong from the economic crisis, may take precedence over the broader theories but whatever the mood of the gathering it should be a bit more cheerful than last time.

Posters need OATS

AS the Advertising Association conference opens at the Royal Festival Hall to-day something equally relevant is unveiled in one of the suites, something which will have a much more immediate impact on how advertising works for not a few of the participants. British Transport Advertising is showing off its new computerised model which attempts at the press of a button, to make outdoor advertising as easy and efficient as its bigger competitors, television and the Press.

John Nunneley, managing director of the BTA developed Outdoor Advertising Time Sharing (OATS) for use in his own operation, and over 300 of the BTA's sites have received the treatment. Basically BTA has got together with Time Sharing, the computer company, and devised a model which reveals immediately all the relevant information about the sites included in the model. The computer supplies its information through terminals, which can be quite cheaply hired by all future participants in the scheme.

So if an advertiser wants to book poster sites in a particular TV region the terminal throws up immediately all the relevant sites in that area. It gives information on the current advertiser on the site, the length of the contract, the location, the condition, the cost, any one of over 40 items of information which might be relevant. And just as more sites can be added to OATS so can more details.

Nunneley thinks that the whole outdoor industry should take advantage of OATS. There can be no theoretical objections and the practical competitive worries can be safeguarded by a system of codes which makes information exclusive on file to particular participants. The ideal is one outdoor data bank which gives all interested parties instantaneous information on sites and their availability.

OATS is also very relevant to the proposed Poster Audit Bureau, under which the industry will co-operate on a team of men in the field who will report on the state of the sites. The information gathered through the Bureau could be put on the computer, making its service both more rapid and more relevant.

The immediate aim is to solidify the initial enthusiasm for the scheme. At the moment the booking of an outdoor campaign is still a complicated business. By applying the computer to such a scattered medium much of the wasteful delays could be overcome. Indeed the scheme could pay for itself within a very short period by increasing the confidence of advertisers and the financial controls of contractors. In the past the poster industry has been held back by politics. The practical benefits from computerisation, as displayed to-day at the Festival Hall, might just shake engrained attitudes.

Magazine revival

AS soon as the AA conference closes Pat Barnes, for three months the circulation director of IPC Magazines, is presenting his plans for the autumn, which involve spending £1.4m. on promoting the magazines, much of it on television advertising. IPC is investing the money because it is encouraged by the upturn in sales in the last six months.

After years of steady decline (in five years magazine sales dropped from 2,108m. copies to 1,848m. copies) the figures for the first half of 1976 show some improvement — the top selling Womans Own is up 10 per cent. on the previous half year at 1,472,763, with the other women's weeklies showing similar gains.

Homes and Gardens is registering a 23 per cent. rise. Honey is up 21 per cent., and so it goes on. Sales in recent weeks have been hit by the hot weather, but the overall impression is that the total magazine market (and not only IPC) is doing better.

Barnes, coming into circulation from advertising, has plans to stir up a rather traditional marketing area. Much of the plans for the autumn are conventional, such as free gifts with the women's magazines, but when he knows the ropes better he will be aiming at boosting revenue from magazines not so much by the recent method of raising cover prices but by attempting to increase sales.

There are also new titles planned for the autumn — Successful Slimming, Oh Boy (for older girls), Krazy, a comic, See Saw, for the nursery, Roy of the Rovers, a soccer weekly, and perhaps more.

● IN a potentially very important move, Book Clubs Associates, which runs most of the U.K.'s book clubs, is using Bosse Massimi Pollit to devise a regional TV test to promote the book clubs. Television is a recognised way of selling books in the U.S. but over here the colour supplements and the press generally has absorbed BCA's £800,000 advertising budget.

● A DETAILED study of the book and magazine publishing industry is now available from Jordan Dataquest. It not only gives financial details on the main publishers, but there is an introduction by Michael Goldman which summaries all the known statistics about the industry, such as its £300m. turnover, book buying habits, advertising expenditure, the importance of partworks and paperbacks, and much more. The report costs £48.

● THE first step in marketing, especially in little known overseas markets, is some desk research. A new publication, the International Directory of Published Market Research, compiled by the British Overseas Trade Board in association with Research and Finance Management, is useful in pointing where the initial research may be found.

The survey covers 3,000 research projects on products ranging from abrasive soap to plastic zip fasteners.

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THURSDAY, JULY 15, 1976

Sterling and those cuts

THE foreign exchange market was expecting a fairly poor set of trade figures for June and showed little sign of disappointment when they did indeed turn out to be poor: the visible deficit for the second quarter of 1976 was twice as large as that for the first, which admittedly included one freakishly good month. The deterioration in June, and particularly the sharp increase in imports of manufactured goods, ought not perhaps to be taken too seriously, especially since the import figures tend to fluctuate sharply from month to month with the arrival of oil rigs and other bulky items of capital equipment.

Even ignoring the fact that the volume of exports fell in June, however (as did the volume of imports), the growth in the volume of exports seems to be slackening: during the past three months it has risen by only 4 per cent. while the volume of imports has risen by 9 per cent. Even though exporters seem to have raised their prices in line with the depreciation of sterling much more quickly on this occasion than in the past, moreover, import prices have been rising rather faster. The net result is that the visible trade deficit in the first half of this year was only £100m. smaller than in the first half of last.

Export growth

While the visible deficit has fallen by £100m. over this period, the invisible surplus has risen by much the same amount, so that the current account as a whole has moved from a deficit of £826m. to one of £634m. Since imports were expected to grow rapidly this year as a result of a turnround in stockbuilding, quite apart from the fall in the exchange rate that has taken place since the Budget, the deficit for the year was estimated originally at £1½-1¾bn., much the same as in 1975, and this is still the official expectation. It is not so much the size of the deficit that is slightly disquieting, in fact, as the slower growth in export volume and the possibility that the Chancellor was over-optimistic in assuring the NEDC last week that there was little danger of supply bottlenecks over the next 12 months.

Without this particular cause for disquiet — which, if it turns out to be justified, could upset the Government's whole economic strategy — poor trade figures are not without their political usefulness at the moment. The one thing that in the past could force a Labour Government to make cuts in public expenditure was the weakness of sterling. The situation is slightly different in a regime of floating rates: the Government has decided that expenditure must be cut, largely for domestic reasons, and is using the risk of a run on the pound and its own defeat in Parliament as a means of bringing unwilling trade union leaders and left-wing supporters into line.

'New realism'

The cuts have so far been considered only in general terms, though the Cabinet will be looking at the matter in more detail to-day and a statement of some kind is to be made before Parliament rises for the summer recess. It is true that, so far as overseas observers like the International Monetary Fund are concerned, it is the size of the public sector borrowing requirement rather than the size of public expenditure which is of most interest, and that if the Government had got round to measuring its deficit on a full-employment basis (whatever the definition of full employment may now be) the picture for next year would look somewhat more reassuring.

But cuts are needed in any case to meet the aim of giving priority over the next few years to the strengthening of the country's industrial base. Three points should be made about them. First, they will be scrutinised and analysed more closely than ever before: they will therefore have to be genuine and not merely paper cuts. Second, the Government is now committed to a figure of £1bn. and will have to make cuts of that order if it is not to provoke a run on sterling. Third, little will have been gained if public expenditure is cut next year but allowed to rise sharply again at the end of it: we must cultivate "a new realism," to quote the recent White Paper on inflation, in our attitude to public expenditure in general.

Time to break with Uganda

THE Foreign Office has not emerged well from its latest statements on and exchanges with Uganda. It is arguable that there was a case for refraining from joining President Ford and Chancellor Schmidt in their congratulations to Israel on the rescue of the hostages from Entebbe airport on the grounds that there was no point in unnecessarily exacerbating Anglo-Ugandan relations and, rather more important, British relations with other African States which might be tempted to support President Amin if they believed that non-African powers were out to humiliate him. That is a policy, however, which could only be justified by success.

Hills affair

As the facts have come in, it has become clear not only that the policy has been carried to excess, but also that it is condemned to failure.

The Foreign Office case is that there are some 550 British citizens in Uganda who are seen as hostages. If the British Government does or says anything to offend President Amin, it is possible that he may react by picking them off. Equally, it is necessary to maintain diplomatic relations in order to seek to prevent this happening.

Quite apart from the fact that neither the soft words over the Entebbe affair nor the diplomatic presence did anything to save the life of Mrs. Bloch, the stranded victim of the hijacking, this has become a circular argument. The more the British Government shows that it is not prepared to be provoked by Ugandan actions, the greater the risks it runs. The more it stresses its desire to maintain diplomatic relations, the more opportunity it gives to the Ugandans to humiliate the diplomats and to threaten to take measures against the British subjects.

The situation is not new. It has been going on since before the Denis Hills affair which took place one year ago. Each time, however, the threats and the fear of the possible threats, tend to escalate until it is possible that ultimately something very nasty will happen. If it does, one wonders what the British Government will do. It would not be possible to go in, like the Israeli commandos, and rescue them even if the British Government had the means and the will to do so, for the simple reason that they are scattered all over Uganda.

Yet what is more striking is that the remaining British subjects must be at least as aware as anyone else of the facts of Ugandan life. They knew what was going on at the time of the Hills affair, they know what is going on now, and yet they choose to stay. The British Government is thus in the position of assuming responsibility which it has no power to exercise for people who do not in any case wish to leave and who appear to have no interest in the advice of the British Government.

Kenya

As if that were not enough, it is instructive to look at the example of Kenya. The Kenyans have far more to lose than Britain from a total breach with Uganda. There are far more Kenyans than Britons inside the country, and they are also African. Yet the Kenyan authorities have not only openly condemned President Amin's behaviour, they were also privy to, and at the very least did nothing to prevent the Israeli raid on Entebbe airport. Britain, by contrast, is seeking to show more African sensitivities than some of the Africans themselves. It would have been preferable if diplomatic representatives had been withdrawn some time ago; the simplest way of cooling the affair is to withdraw them now.

Prime Minister Suarez.

Young demonstrators in Madrid.

King Juan Carlos.

A Royal gamble in Spain

"The first stage of the post-Franco era has come to an end."

Roger Matthews reports from Madrid.

THE BYZANTINE complexity of Spanish politics and the effects of the power vacuum left by the death of General Franco last November are finally coming to be recognised. The interlinked forces at work within the regime, representing so many strands of historical power and spheres of influence, make the web of a master spider by comparison seem like a work of classic simplicity. It is for this reason that so many members of the regime, who pride themselves on understanding its working, have been proved so consistently wrong in the past fortnight. Their subsequent confusion has matched that of the politically interested members of the Spanish public.

On the night of July 1 when it became known that King Juan Carlos had effectively sacked Senor Carlos Arias as Prime Minister the liberal wing of the establishment was triumphant. At last the King was following his words with action and the big push toward democracy was coming. Five days later these same people were holding their heads in their hands, convinced that the monarchy had committed a monstrous error by appointing Senor Adolfo Suarez as Prime Minister. The word "Republic" even began to be used by people of strong monarchist tendencies.

Deteriorating economy

Obviously the King gambled and gambled heavily. His distaste for Senor Arias had become well established. The two men did not get on well together and Senor Arias, with his devotion to General Franco's memory, showed himself to be less than enthusiastic about democratic reform proposals and totally ill-prepared to undertake any form of dialogue with the opposition parties. Simultaneously the country's economic situation was deteriorating and the Finance Minister, Senor Juan Miguel Villar Mir, was inspiring little confidence in his abilities. So the King's initiative appeared apt and though surprising in its timing, not so in its essence.

But, the sudden dismissal of Senor Arias should have alerted the key liberal reformists in the Government, who had the highest hopes of succeeding Senor Arias, as to what was happening. Senor Jose-Maria de Areilza, the Foreign Minister and many people's favourite for Premier, might, as a devoted monarchist and one of the successes of the Government, have been expected to be forewarned. But he was not, and nor was the rest of the Cabinet. The only man who is known to have cancelled appointments on July 1 was Senor Torcuato Fernandez Miranda, one-time tutor of the King, ex-head of the National Movement, Deputy Premier under Admiral Carrero Blanco, and now President of the Cortes and chairman of the Council of the Realm.

If a supreme puppet master has to be found for the events of the past fortnight, there is no one who is better equipped to fit the bill. While Senor Areilza was lunching at home with friends on July 3 and drawing up his Cabinet list, and Senor Manuel Fraga, the other architect of reform and Interior Minister, was mulling over his chances, Senor Fernandez Miranda was taking the chair at the 17-man council of the realm which had the task of putting forward three prime ministerial nominees to the King from which Juan Carlos could choose one. The Council, one of the constitutional hangovers from the Franco regime, is a strongly conservative body. Some members are blatantly opposed to a more democratic Spain.

The only link between the Council and the King was Senor Fernandez Miranda. Whether the King had for some weeks decided that he wanted to appoint Senor Suarez, or whether Senor Suarez was presented by Senor Fernandez Miranda as the only way of avoiding a constitutional crisis, does not matter much to the outcome. Either way the new Prime Minister was a man whose entire political career had been spent within the single Franco party, the National Movement. His Cabinet experience was extremely limited, he had little interest in economics or foreign affairs, and was a man nearly as unknown at home as he is abroad.

The different tendencies

In the last resort the King had not been offered a choice as the three names on the list did not represent anything more than different tendencies within the regime. If the King thought he could get Senor Areilza's name onto the list, then he was very badly informed. He was reliably reported to have been "astonished" when his staunchest ally refused to serve under Senor Suarez. When Senor Fraga also rejected him, together with other members of the Government's liberal wing, the task of forming a credible new Cabinet suddenly seemed as difficult as it eventually proved to be. The weaknesses of the new ministerial team are manifold and its merits questionable, but above all else it will be judged on its ability to establish a dialogue with those forces in the country that are demanding the right of participation.

The programme of the previous Government is only less than one-third completed, so there is time enough to introduce amendments and to make gestures that would tempt the parties from the opposition into some form of co-operation. This Senor Areilza could have done, and he was prepared to bring at least one prominent Catalan and one Basque into senior positions to calm the regionalist fever.

Senor Suarez in four days of intensive negotiations received more rejections than acceptances, unheard of in Spain where a request to serve used to be virtually a command. The team that was finally assembled cannot yet be judged, but in very general terms it can be said to be second rank, oriented towards the moderate Catholic wing of Franquism, closely associated with the less progressive sectors of banking and industry, youthful and probably quite capable of running a company. Its lack of "stars" could be compensated for by its relative homogeneity, but it has to do a vast amount of homework in a very short time if the timetable of the previous Cabinet is to be adhered to, and its lack of experience offers the possibility of many errors of judgment.

Opus Dei

Above all else its success will depend on where Senor Suarez looks for advice. Apart from the National Movement his friends come from within the loosely defined orbit of Opus Dei, a Catholic organisation that is used as a form of political shorthand to describe a sector of the banking and administrative world which has a none too progressive image, and from younger members of the less inflexible part of the regime. His chief mentor is likely to be Senor Fernandez Miranda.

But as always in Spain there is another critical factor, the armed forces. Although ten new faces were brought into the Cabinet, and three ministers changed posts, the four military members stayed in their jobs. They will inevitably appear as the factor of stability in Government, and the fact that the youngest is 62 contrasts sharply with the new civilian ministers, many of whom did not experience the Civil War. As the Deputy Prime Minister, General Fernando de Santiago, now has added weight and has already been accused, *sotto voce* of course, of manoeuvring to block the nomination of Senor Fraga by the Council of the Realm because of the former Interior Minister's hints about possibly legalising the Communist Party once the first stages of reform have gone through. As he is the prime interpreter of the army's wishes, a shake of his head can have a profound effect on developments.

The fact that the opposition parties are scarcely mentioned so far is an indication of their irrelevance during the struggle for dominance within the regime, even though Senor Suarez is putting out feelers to them. The wave of demonstrations which hit the country over the week-end in support of an amnesty for all political prisoners and exiles was given an added impetus by the appointment of Senor Suarez, but it will not have done anything much to affect the drawing up of the Government's political and economic programme.

There would appear to be little danger of Spain quickly falling into a spiral of violence simply because the efficiency of the forces which kept the peace for General Franco remains unimpaired, added to which most opposition parties genuinely want a pact with the Government. This has been shown by the relative moderation of the comments which followed its appointment. However their conditions for such a pact, such as a total political amnesty, full freedom for all political parties, and th[e] restricted right to hold[meet]ings and enjoy free spee[ch] no more likely to be [...] this Government than the[y] by the former Cabinet. [...] those who believe that re[...]gress toward democracy [...] only possible solution [...] country's economic and [...] problems, the months [...] are likely to be as full [of con]tradictions as those that [have] passed since the dea[th of] General Franco. But wit[h the] passage of time de[cisions] become ever more [...]ing, and none more [...] steps to reduce the level [of in]flation, bring about some[...] for moderating the large [...]ments deficit, map out [a pro]gramme for absorbing [...]sistent underlying grow[...] unemployment, while ad[...] the nation's fiscal syste[m] what will be heavy deman[ds on] the national exchequer.

Electoral system

The Prime Minister has [des]cribed his Government as ["pro]visional" and as its task [to] prepare a national referen[dum,] create a new Parliament [and] establish an electoral syste[m.] it can be judged. But if [he does] not achieve those aims, [...] tempted to set terms th[at are] rejected by most of the [opposi]tion parties, then not on[ly his] own survival is at stake bu[t] the longer term future [of the] monarchy. The King wi[ll not] find it as easy to dismiss [Senor] Suarez as he did Senor [Arias] and although the top [...] generals specifically refus[ed to] provide a Prime Minister [this] time round, they might [not] prove so reluctant again. [With] the King now in play an[d one] or two more "ultra" ger[...] itching to get deeper int[o the] political game, the first sta[ge of] the post-Franco era has co[me to] a close.

MEN AND MATTERS

$25m. to see the conventions

The BBC has got into another rumpus, this time over the number of staff which it has committed to cover the U.S. Democratic convention. More of that anon, but first spare a minute to consider the way the occasion is being dealt with by the U.S. TV stations. It is estimated that the three major networks will spend something like $25m. covering the two party conventions, while coverage of the Presidential election is likely to cost the same again.

Each day, as the lights are lowered for the American national anthem at the start of the Democrats' proceedings, Walter Cronkite of CBS stands erect in his specially built studio looking down regally at the hubbub below. The Americans are without national newspapers as we know them and Cronkite is a fitting symbol of the way in which TV dominates the scene—and the coverage of conventions.

A recent poll showed that Americans consider Cronkite the man they most trust in the whole country. Tens of millions have, apparently, come to rely on him to make sense of what is going on. Cronkite may have the edge on his rivals, but for all three networks the conventions are a major exercise: their coverage and their assessments matter more to the politicians involved than what appears in the newspapers.

For example NBC has 17 camera positions at the present convention, 11 mini-cameras, plus two special cameras that can follow harassed correspondents as they weave their way in and out of delegations on the convention floor at Madison Square Gardens. Each network has built its own mini-studio with soundproofed windows which overlook the floor. The CBS studio is the biggest, but NBC alone has nearly 600 people employed in its temporary studio.

The problems for producers are immense in this sort of rat-race. The reporters on the floor wear special headphones with little aerials, and are directed round the floor in search of stories, often in the process bumping into rivals from other networks.

The battle for ratings is also fierce, and although CBS seems to be a bit ahead of NBC at the moment (reversing the 19[..] situation) they both regretfully admit that on Monday night they lost hands down to another station which showed the film *Casablanca*, starring Humphrey Bogart.

The BBC posse

With an eye to the silent majority of licence payers, the BBC yesterday went to its own defence on the question of how many people the Corporation had in New York to cover the Democratic convention, that as an event cannot really be said to have gripped the British public imagination so far.

Somewhere just short of 60 BBC staff appear to be on hand. That is five times more than Independent Television News, more than the combined radio and TV staff from Austria, Belgium, Finland, France and West Germany, and twice as many people as Italian broadcasting.

The BBC, complaining that "critics often fail to recognise the very wide range of programmes right across domestic and overseas radio and television for which we are responsible all the time," said 13 staff had gone out from London. Only two were for poor old radio: and to prove that the Corporation is really "cutting back to the bone," the total was ten down on the last Democratic convention.

"Reporting direct from New York were Bill Brewer, Jan Stewer, Peter Gurney, Peter Davey, Dan'l Whiddon, Harry Hawk, Old Uncle Tom Cobbleigh and all . . ."

Incidentally involved this time are two crews working on a programme about the New York police and on a series about the Western economy presented by the ubiquitous Professor J. K. Galbraith.

Obviously an important question is whether the size and expense of the mixed posse of news and current affairs was evaluated centrally. The BBC explained that most of the plans would have been approved by one man—the editor of news and current affairs. The BBC had to agree that the convention has been "a slightly unexciting and predictable story. But you always have to guard against the unpredictable."

Well, we might I suppose, win a dozen golds at the Olympics and there will be 42 BBC staff there if we do: that's a third down on the size of the contingent at the last games. But after the Democrats (who take as their symbol the donkey), I wonder what the more promising fling by the Republicans (symbol an elephant) will warrant?

Upgrading

Meanwhile on the other side of the TV fence, Charles Denton, the 38-year-old who is about to become programme controller at Lord Grade's ATV, was chirpily forgiving last night of people who expressed surprise at his appointment. Denton becomes the youngest of ITV's programme chiefs, which perhaps goes to show how middle-aged television is getting these days. No one really expected a man with a documentary background to emerge as top programme dog in what is widely regarded as the most show biz company in ITV.

But Denton, "I am going to have to learn a great deal, very fast," although sharing some of the surprise ("it was like lightning striking") thinks ATV's thoughtful side is often overlooked in all the razzamatazz. His own background dates back to recruitment to the Michael Peacock launch of BBC-2 f.om an advertising agency. Latterly his promotion has been rapid through the Grade grades, and Denton now has a major voice not only in ATV programmes, but also on the network style. He says he's going to enjoy the new job. "I'm obsessed with television. It's surprising how many people in television say they aren't really interested in it."

Good question

Reverting to conventions the current joke circulating in New York goes as follows: if pro is the opposite of con, what is the opposite of progress?

Observer

هكذا صار الحال

NOMIC VIEWPOINT — BY SAMUEL BRITTAN

Mr. Carter toys with incomes policies

NOT sure what effect ny Carter will have on ed States if he is elec- the little that is known m frightens me. A Pre- who prays to God in ho is committed to pur- still unchosen policies n determination, and an activist conception h gives rise to certain ngs.

ain amount of informa- come trickling in about nomic advice that is Mr. Carter. So far esenting a New Look, sellors are trotting out d Democrat war horses. clude demand stimula- "growth" and "employ- he revival of prices and policy to curtail the inflationary pressure, xperiment with indica- ning. Why Mr. Carter domestic task force for rogramme escapes me. only ask Brookings to of report on the U.K. rse, it is far from cer- if elected to office, Mr. will actually go in this . The management of will remain unchanged re will be plenty of ces urging caution. But it only makes New noises, it will be one more embarrassing for emocrat Administration n the credit screws on for practising what it is eaching or to support stance in the IMF.

n guess is that even if rat Administration con- with President Ford's d monetary policies, it go ahead with its own the prices and incomes hat the Carter advisers mind is something in the guidelines and jaw- f the Kennedy-Johnston period and the full scale controls of the 1971-74 Nixon experiment. There is talk of setting up a board straight away. Its powers are still vague; but the idea is to have machinery in place before the next inflationary crisis hits the U.S. It seems that there is no limit to the number of times that people must be taught the same lessons by events.

Since the disturbances to the world economy brought about by the last boom and the associated oil and commodity price explosion, many countries have been flirting with incomes policies and "social contracts." Rather than attempt to assess experiments which have only just started, it is better to look first at the most recent completed U.S. experiment with controls and then at two European countries, the Netherlands and Sweden, which have had a long and continuous experience with their particular approach to incomes and are often held out as models to us all. The material which follows comes from a forthcoming book by Mr. Peter Lilley and myself, *The Delusion of Incomes Policy*.

Nixon controls

The Nixon controls of 1971-74 can be disposed of quickly. The background was that the tight money policies initially pursued had brought about a recession; but wage and price increase continued at around 6 per cent. per annum not becoming any faster, but not declining either.

The early part of the Nixon programme from August 1971 to January 1973 either succeeded in suppressing inflation by 2 per cent. to 3 per cent. (compared with what might have been expected from monetary indicators) or led to evasion by quality erosion, depending on one's interpretation of the figures. The cost was borne by profits, and probably by investment and employment as well. During subsequent phases until the end of the controls in April 1974, the distortions were eliminated with no net effect on inflation. But the operation did provide an excuse for expansionary monetary and fiscal policies in the run-up to the 1972 election, which in turn generated a much worse subsequent recession at a much higher underlying rate of inflation.

By contrast, the Netherlands operated a more comprehensive and ambitious system of wage and price controls for a lengthier period than any other Western country. It lasted *de facto* from the end of World War II until the wage explosion of 1963-4.

The environment during that period was uniquely favourable. The Dutch were law-abiding and industrially disciplined. Workers feared unemployment more than any erosion of real wages. Trade unions were weak, divided on religious grounds and committed to co-operation with the Government. Indeed, the legality of strikes was in doubt throughout the period.

Nevertheless, the policy was a failure judged by the usual criteria. During the most intensive period of pay and price controls, 1947-59, Dutch consumer prices rose by the same amount as prices did in Britain. *They rose faster than prices in* neighbouring Germany and Belgium which did not have an incomes policy. Unemployment was indeed extremely low; but so was it in many other countries without pay and price controls.

Mr. Jimmy Carter: voices urging caution.

Advice for Mr. Carter from his economic counsellors include stimulation of growth, revival of prices and incomes policy to combat inflation, and an experiment with indicative planning.

Nevertheless, the controls did have other effects. Wage increases were held up during the early *stages of booms, only* to explode near the peak. Employers resorted to various hidden devices to circumvent pay controls. The existence of excess payments under piece rate systems was openly acknowledged. But covert inducements included payments in kind, such as offering a new recruit a choice between a washing machine and a refrigerator; and there were frequent regradings and improvements in working conditions in lieu of cash. The periodic sharp legal wage increases provided an opportunity of commuting these "black" payments into straightforward cash.

The controls were effective enough for a time to keep wages below market clearing *levels and thus create a short-*age of labour. This provided a subsidy to inefficient Dutch enterprises which went to the wall during the periodic wage explosions. Because wages did not reflect the true scarcity of labour, investment was of a capital extensive rather than productivity-increasing type. *Migrant workers were attracted* from low-wage countries and productivity in the Netherlands was held down. There was also a chronic labour shortage in certain industries, such as construction. The wage explosion of 1963-4 which effectively ended the post-war policy, was sparked off by the Government's *decision to attack the* housing shortage by raising construction wages towards market levels.

One can waste a great deal of time discussing whether the Swedish system of centralised bargaining between the Swedish equivalent of the TUC and CBI is "really" an incomes policy. *It is in any case almost the* antithesis of the Dutch, with the Government being carefully excluded during most of the time since 1956 when that system has been in operation. During the period 1956-64, when the Dutch and Swedish systems were running side by side, the inflation rate in the two countries was almost exactly the same. The U.K.—which had only the brief Selwyn Lloyd pay pause of 1961 —*actually experienced slightly* less inflation, and Germany and the U.S. a good deal less.

The Swedes have, however, avoided the jerky pattern of Dutch wage explosions—thanks, *probably, to the exclusion of* Government and the large role of wage drift in supplementing *the central settlement and keep*ing wages in line with market levels. Such drift has accounted *for about half of all the in*creases in earnings achieved by Swedish employees.

Conditions

The greatest difficulty of the Swedish annual negotiations has been the attempt of groups, such as white collar workers, with less opportunity for drift, to obtain compensatory increases *in official rates. Various studies* have suggested that actual increases in earnings have de*pended almost exclusively on* labour market conditions: the relationship between market condition and wage increases has been the same in the exceptional years when the central negotiations have broken down as in other years.

There is some evidence that the sustainable unemployment rate consistent with price stability, or non-increasing inflation, has been lower in Sweden *than elsewhere. Those observ*ing with the eye of the faith may associate it with centralised wage bargaining; but the obvious cause is not this at all, but the active labour market policies to enable workers to change jobs, acquire skills and move home for which Sweden is world famous.

Some difficulties in the 1966 central negotiations led to the establishment of an expert study group, whose conclusions have since become celebrated as the "Nordic" theory of inflation. This simply stated that under fixed exchange rates, wages were limited in the internationally competitive sector to the sum of productivity increases plus world price increases. But the message was misconstrued, especially in Britain, as being that inflation was *caused* by the high productivity sectors.

The general moral is that under fixed exchange rates, national inflation rates and money supply policies were largely determined by world inflation rates. Those countries, such as Britain or France, which did not play according to the rules, had to devalue from time to time. Incomes policies, if they had any effect, determined things other than the price level. There are *a priori* grounds for arguing that they may either raise or reduce sustainable unemployment levels, but in the two European cases examined they probably had little effect either way (unless one wishes to call the Dutch labour shortage negative unemployment).

The fixed exchange rate system—like the gold standard of which it was a pale shadow—depended on the myth that countries could not devalue. Old myths are difficult to restore. The question now is whether one can find a new myth or whether electorates can be brought to appreciate the real internal arguments against "printing money." Incomes policy is a diversion, but not a harmless one unless, as in Sweden, it is simply a respectable way of ratifying the result of market forces and is not treated by the Government as *a weapon of policy.*

Letters to the Editor

...vital ...vice

...r Daniel Pettit, ...n, ... Freight Corporation.

One of the key features ndustrial strategy being through the National ic Development Council ifting of priorities from industry to manufactur- stry, and one of the prin- as of attack is to identify duate bottlenecks. This, was singled out for men- the Prime Minister at O meeting on July 7. eve that there is a real that if transport and tion suffer as "service" es from the shift in s, the resulting bottle- transit facilities could serious and far-reaching ny which are likely to be d in the manufacturing load access to the ports number of cases, still far equate and it has been a ng cause of concern that clearing documents and nents can hold up the nt of freight. It would defeating if investment s were so directed as to he infrastructure of the nt and clearance facili- ch are essential, not only ing exports and vital raw imports but also in serv- estic industry efficiently. re also the questions of ty and quality of supply back-up support to main- and spare parts. reight transport industry genius for improvisation cepts the exceptional de- s the norm, but there are to its ability to serve cturing industry if the cilities are not right. cing the goods is fre- only half the story. It sm that unless they reach tomer at the right time the right price, the pro- effort is largely wasted have suffered enough ir reputations for delays ery. Investment in manu- ng and transport need to l in hand. They are part al and integrated process nufacturing and market-

. therefore, more than a oncerned to read that the e emphasis on manufac- industry in the industrial seems to exclude by han casual omission any tion of the part played in porate strategy of many ses by the transport and ition function. The stric- ld be extended to include f the nationalised indus- ch as steel and energy are loosely classified as e" industries and are not an essential element in nufacturing strategy as a

Pettit.
l Freight Corporation,
House,
eat Portland Street, W.1.

...edit and ...lation

...Mr. A. Darg.

-It was good to have the t of the director-general, stitution of Buyers (July he subject of trade credit.

aps this was not surpris- ecause nobody is more rassed by slow payment he buyer. On the other who, in exchange for t payment, could do more e money?

hemicals and engineering, mple, where slow payment emic, it would be possible material costs by 10 per cent. and improve business relationships into the bargain.

Mr. Forman (July 7) and Mr. Bartlett (July 9), believe that the abuse of trade credit is inevitable, whereas I think it could largely be cured.

It is professionals who have always maintained that trade credit is a cheap and important source of working capital. Amateurs would say: "But sellers merely compensate by increasing future prices. How is the practice of deliberate slow payment any better than clipping the coinage, for which the penalty used to be death?" Some also feel that loans made under duress should earn their full keep, as the London Co-*operative Society recently found* to its cost.

Politicians are silent on this issue, but not on the amount of money that should be pumped into or out of the economy. Amateurs might ask: "why not find out first if the existing supply is being properly used and how well it is circulating?"

I have no doubt that the abuse of trade credit is one cause of inflation.

A. A. Darg.
25, Norfolk Road,
Edgbaston, Birmingham.

An overdue account

From The Chairman
British Debt Services.

Sir,—I have been following your correspondence on factoring and credit control with great interest. But it seems we have still not got down to the basics.

The trouble with the whole area of credit management is that the same words mean different things to different people. Our first priority, therefore, should be to define our terms.

What is an overdue *account?* Is it an account that has remained unpaid for 30, 60 or 90 days or, perhaps, even nine months? What is a debt? Is it an overdue statement that has remained unpaid for 30, 60 or 90 days? Or is it an account that has been passed to a debt collector?

I'm afraid we've first go to define our basic terms before we can enter into a serious *discus*sion on credit control. And we must do that quickly especially as a number of large companies are beginning to put the squeeze on small and medium-size companies by reducing their credit periods dramatically.

Paul Brooks.
Regency House,
38, Whitworth Street,
Manchester.

Restrictive practices

From the Deputy Director
General, Office of Fair Trading.

Sir,—Mr. Michael Haywood (July 14) refers to the booklet "A Guide To Registration 1976." The booklet was published by the Office of Fair Trading to give guidance to trade associations, professional bodies, firms and businessmen about the new legal requirements which arose from the extension of the restrictive trade practices *legisla*tion, by the Restrictive Trade Practices (Services) Order 1976, to services. This came into effect on March 22, 1976.

The Order brings a very wide range of services into the ambit of the legislation, Mr. Haywood suggests that leases, letting agreements and the like may be included.

The question of the registrability under the Restrictive Trade Practices Acts 1956-73 of property leases was the subject of a recent case in the Restrictive Practices Court (July 17-18 1976) heard by Mr. Justice *Mocatta. The case related to four* commercial property leases containing conveyancing restrictions said to be typical in such leases. The Judge held that none of these was registrable but has not yet set out his reasons in detail. It is expected that he will be giving his reserved judgment on July 21.

F. W. Glaves-Smith.
Field House, Bream's Buildings,
London, E.C.4.

Company cars

From Mr. A. Jewsbury.

Sir,—On July 9 you reported the amendments tabled to the Finance Bill concerning company cars. In the Government announcement there was no mention of any proposed change for those who have company cars but who do only a small business mileage. If Mr. Healey's proposals in April to tax these cars at the increased rate of 20 per cent. of the cost is not also amended there will be a considerable injustice, as demonstrated by the following:

Case 1. Business car costing £6,000—user doing, say, 5,000 business miles and unlimited private mileage, would have additional taxable earnings of between £175-£350 depending on engine size.

Case 2. *Company car also* costing £6,000 but with insufficient mileage to classify as business car would assuming, say, 4,000 business miles and 14,000 total mileage have additional taxable earnings calculated as follows:

£6,000 @ 20% = £1,200 ×
10,000 (private mileage) ÷
14,000 (total mileage) =
£857.

In fairness, further amendments to the Finance Bill are clearly justified.

A. Jewsbury.
Heliosa, 54, Boundary Lane,
Congleton, Cheshire.

Levy through wholesalers

From Mr. J. Ross

Sir,—The letter from the general secretary, Customs and Excise Group Society of Civil and Public Servants (July 13) although couched in reasonable terms has the major flaw that it presumes the necessity for employing 11,000 or 13,000 civil servants to administer VAT *regulations.* This may be right as long as there are about 2m. registered traders for VAT purposes and as long as the silly system of paying and recouping VAT is necessary at all intermediate stages.

If VAT were a proper sales tax levied at the wholesale level (and possibly on service trades) *at 10 per cent.* instead of 8 per cent., there would be less than 100,000 registrations, and about 1,000 civil servants would be able to give far more time and attention to each individual registered trader than at present *so that evasion* (regardless of the alleged levels) would be reduced and the yield would be at least the same.

More to the point, time and energy of the 1.9m. traders who would be deregistered (but who at present *have to deal* with quarterly returns and the necessary supporting records) would be saved and so would a lot of the time of their professional advisers. This would of course make Mr. Christie unhappy because he does not like to see jobs in the civil service reduced in number but it would undoubtedly be for the good of *the country as a whole.*

Jack Ross.
16, John Dalton Street,
Manchester.

Evasion of VAT

From Mr. T. James.

Sir,—The general secretary of the Customs and Excise Group of the Society of Civil and Public Servants suggests in his letter (July 13) that the employment of a further 2,000 staff at a cost of £10m. per year would eliminate the majority of VAT evasion.

From my experience as a prac*tising chartered accountant,* I would suggest that almost all VAT errors are caused by small businesses, who do not employ full-time accounts staff and where the proprietor has a minimal understanding of bookkeeping. Surely the answer is not to employ a further 2,000 staff but to raise the VAT threshold from £5,000 to £50,000 or even £100,000 so that the majority of small businesses are completely outside the scope of the tax. Admittedly this would then give rise to a loss of VAT on the traders' margin, but this would be small in national terms and any such loss would probably be recouped through the increased productivity of the small business, *since the proprietor would* then be able to devote his attention to the trade in which he is skilled rather than the maintenance of VAT records that he does not understand.

It might be found that with a threshold of £100,000 the Customs and Excise staff involved in VAT could actually be reduced.

T. E. James.
Chidell and Co.,
64, South Street,
Chichester, Sussex.

Cost of water supplies

From Mr. R. Beale.

Sir,—If it is possible to rush a Bill through the House of Lords to extend the powers of regional water authorities to introduce an "equitable rationing system," why is it not possible to introduce another to ease the burden of existing consumers who at present have to meet the cost of extending plant and mains to *serve new consumers?*

I quote from a letter addressed to me by the general manager of my own water supplier. "With the limitations imposed on the Company by the Water Acts 1945 and 1948 and also the high rates of interest at the present time the new consumer is a liability to the Company and not a source of profit. Unless there is a radical alteration of the terms of the Water Act 1945 it would seem that existing consumers will have to be called upon to bear the burden of new consumers."

In short, existing residents must pay through increased water rates for services to all new developments in their areas. Living in an area where development of housing has been particularly extensive, my own charges went up by 45 per cent. over the last two years and are now 300 per cent. of what I paid ten years ago.

Ronald Beale.
Chimneys, 27, Oatlands Close,
Weybridge, Surrey.

To-day's Events

GENERAL

Cabinet considers size and composition of cuts in public expenditure for 1977-78.

Polling day in Thurrock by-election.

Mr. Hugh Scanlon, president, Amalgamed Union of Engineering Workers, speaks at American Chamber of Commerce lunch, Savoy Hotel, W.C.2.

Advertising Association two-day conference begins, Queen Elizabeth Hall, S.E.1. Session chairmen for the first day are Mr. Alex Jarratt (conference chairman, and chairman and chief executive, Reed International); Mr. John Freeman (chairman, London Weekend Television); Sir Paul Reilly (*director, Design Council*); and Lord Barnetson (chairman and managing director, United Newspapers).

PARLIAMENTARY BUSINESS

House of Common. Finance Bill, continuation of remaining stages.

Commons Select Committees. Science and Technology (Science Sub-Committee). Subject: Industry and Scientific Research. Race Relations and Immigration. Subject: The West Indian Community. *Witnesses: Department of Educa*tion and Science. Direct Elections to European Assembly. Expenditure (Social Services and *Employment* Sub-Committee). Subject: Preventive Medicine. Witnesses: Tobacco Research Council.

House of Lords: Police Bill and Divorce (Scotland) (No. 2) Bill, third readings. Armed Forces Bill, committee.

COMPANY RESULTS

H. P. Bulmer (full year). Distillers (full year). E. R. F. (Holdings) (full year). Gestetner Holdings (half-year). Howden Group (full year). Trust Houses Forte (*half-year*).

COMPANY MEETINGS

Atkins Bros. (Hosiery), Hinckley, 12. Boots, Nottingham, 12. Bandanga Holdings, Isleworth, 12. Brigray, Regent Centre Hotel, W.C., 12. Crowther (John) Group, Huddersfield, 12 Debenhams, Wigmore Hall, W., 12. Feb International, Manchester, 10.30. Firmin and Sons, Birmingham, 12.15. Goodkind (W.), 7-8, Market Place, W., 4. Grampian Television, Aberdeen, 12.15. Grant Bros., 14-32, High Street, Croydon, 4. Hambros Investment Trust, 41, Bishopsgate, E.C., 12. Locker (Thomas), Warrington, 11. London and Holyrood Trust, Bucklersbury House, E.C., 3. London and Provincial Trust, Bucklersbury House, E.C., 12.15. Ozalid, Loughton, 12. Parkland Textile, Leeds, 12.30. Pentland Industries, New Barnet, Herts., 12. UBM Group, Bristol, 12.

COMPANY NEWS + COMMENT

Lee Cooper turns in peak £1m.—sees more

RECORD turnover and profits are announced by Lee Cooper Group for the 12 months to March 31, 1976 and the chairman, Mr. H. C. Cooper reports that the current year has been satisfactory to date and should show "worthwhile increases."

At the pre-tax level, profit improved from £0.64m. to £1.02m.—U.K. activities incurred a loss of £0.25m. (£0.39m. loss) while Europe and North Africa returned profits of £1.28m. (£1.04m.).

When reporting first-half profit up from £0.3m. to £0.31m. Mr. Cooper said the outcome for the full year "should certainly not be below those attained last year."

Final dividend per 25p share is 3.25p net, making a total of 4.875p (1.625p) subject to Treasury approval—a two-for-one scrip issue is proposed.

The group makes jeans and casual wear.

	1975-76 £	1974-75 £
Turnover—U.K.	2,905,240	3,076,997
Europe, N. Africa	16,962,049	12,505,227
Pre-tax profit	1,021,156	644,481
U.K. loss	254,914	392,177
Europe, N. Africa	1,276,070	1,036,629
Tax	620,743	458,365
Exchange profits	321,837	170,970
Loss manufacturing	170,000	60,000
Net profit	392,318	265,996
Attributable*	648,925	315,699

* After outside interests.

● comment

Earnings doubled and a tripled dividend brought the shares of Lee Cooper up 10p to 110p yesterday. The increased yield of 7 per cent. is, nonetheless, covered 6.4 times, but half of the earnings is due to an exchange rate adjustment. Next year should see the U.K. side turn round into profit, having unloaded unfashionable stock over the past two years. Demand for denim blue jeans remains buoyant but the cost of cotton, (60 per cent. of the manufacturer's price) has risen by 70 per cent. over the last year. Earnings could rise to about £1m. (from £0.6m.), even without further windfall profits from a falling pound.

INDEX TO COMPANY HIGHLIGHTS

McCleery L'Amie lower

TAXABLE profit of McCleery L'Amie Group dropped by £0.5m. to £0.27m. in the six months to April 30, 1976, but chairman Sir Desmond Lorimer reports that present trading and indication of future trade is more hopeful. The directors view the second half "with reasonable confidence."

The interim dividend is being maintained at 0.75375p net per 25p share—last year's total was 1.8425p from profits of £1.23m.

Sir Desmond says the full impact of the recession was felt in the first six months.

Textiles are recovering quite well with margins improving, although the incidence of increasing cost of raw material may well have a dampening effect on demand.

The weather is having a depressing effect on the demand for agricultural twine, which was already suffering through world stock carry-over from last year. Demand for the products of the carpet division are at a low level but he is reasonably confident that new products in this field will be of considerable value in maintaining turnover.

Exports are most promising in all areas of activity assisted by the substantial fall in Sterling. Export orders in the past two months represent 60 per cent. of the entire export business done in 1975.

The Canadian Foreign Investment Review Agency has consented to the establishment of Amjay Ropes and Twines and substantial progress has been made in establishing the group's manufacturing and merchanting activities in Canada.

The exceptionally low charge for tax arises as a result of the high level of capital expenditure incurred.

● comment

A difficult opening six months, particularly in sales of agricultural twine and carpets, caused McCleery L'Amie's interim pre-tax profits to slump 65 per cent. on a turnover decline of only 10 per cent. Margins of the carpet division suffered as the company tried to keep its market share, while the current dry spell in U.K. and excess stocks in North America adversely affected twine sales. Some recovery in carpet sales is expected in the last quarter when the new polypropylene plant comes on stream. But demand for twines is expected to remain flat. Meanwhile, textiles are recovering. Given the improvement in carpets and textiles, McCleery looks capable of maintaining second-half profits at around £½m. However, a yield of 17.4 per cent., at 17p, down 1½p, takes care of the uncertainties.

Cullen's sales 15% ahead so far

Current turnover at Cullen's Stores is 15 per cent. up on last year's figures, which were inflated by post budget sales, and it is hoped that various promotional activities connected with the company's centenary year will maintain and enhance this, the directors say.

Costs will continue to rise, but hopefully not in the same proportions as during 1975/6, they add.

Taxable profit for the year to February 29, 1976, already reported, rose from £362,253 to £388,274 on turnover ahead from £9.5m. to £12.3m.

After consultation with property advisers, Fawdry and Evans, the directors are of the opinion that the value of the company's freehold properties at the year end would not be less than £3m.

Meeting, Dorking on August 5 at 3 p.m.

Rank finance director

BY MARGARET REID

RANK ORGANISATION, which was shaken by a Board-room row before the departure of the chief executive, Mr. Graham Dowson, last September, has now chosen a finance director and is expected to announce his appointment on Monday.

The filling of this key new post will be seen as a significant move towards rebuilding the full-time top management of the group, whose low ratio of executive to non-executive directors has caused criticism in the City.

Since January, when it was announced that the controversial Sir John Davis, the 69-year-old chairman of the group, would step down next spring, his successor-designate, Mr. Harry Smith, has headed a committee to review the management structure.

Some pointers to the trend of the committee's thinking may well emerge on Monday, when the group is due to disclose its results for the half-year to April. But those close to the company believe there is little doubt the ultimate trend will be towards creation of a broader range of executive director posts with central management responsibilities.

Such a shift towards a wider sharing of the top direction of the group under Mr. Smith, away from the more authoritarian style of Sir John Davis, is favoured not only by City investors but by influential non-executive directors. These include Lord O'Brien, former Governor of the Bank of England, and Lord Helsby, a one-time head of the Home Civil Service.

There are signs of Rank pressure on Mr. Angus Ogilvy, who last week resigned all his directorships after criticism in the Department of Trade report on Lonrho, to continue.

● The Board of Guardian Royal Exchange Assurance yesterday received with regret Mr. Ogilvy's resignation as a director.

Mears first half recovery

A RECOVERY from a loss of £310,000 to pre-tax profits of £275,000 is reported by Mears Bros. Holdings for the first half-year ended March 31, and the directors are looking to results in the second six months, at least equalling the £616,000 achieved in the second half of 1974-75.

Earnings per 25p share are 1.59p (2.13p loss) and the interim dividend is lifted from 0.67p to 0.74p net. The total for the year ended September 30, 1975, was 1.62p.

Turnover for the first half improved from £16.3m. to £21.54m. Profit is struck before a tax charge of £143,000 (£161,000 credit).

The directors say that group trading remains at a high level. However, the present economic situation gives cause for some concern over prospects for 1976-77 in the U.K.

The group trades as civil engineers and building contractors.

● comment

Interim figures from Mears Bros. reaffirm the recovery trend established in the second half of the previous year, when the group achieved pre-tax profits of £616,000. The construction side has recovered and moved into a profit after last year's £71,000 loss, and margins in the absence of fixed-price contracts are evidently looking much healthier. Elsewhere A. Long has made further advances in plant and machinery; though the pipeline business is still making a loss, a recovery is forecast by the end of the year. Overall, Mears is talking of close to £900,000 for the year against the previous peak of £804,000 in 1973, indicating a prospective p/e of only 4.9 at 31p, while the prospective yield is up to 9 per cent. However, the group does strike a cautious note for construction next year in the face of possible Government expenditure cut-backs, but the rating still looks undemanding against sector averages.

Statement Page 21

Freddie Mansfield

Sir Jules Thorn of Thorn Electrical, who to-day presents his last annual figures as chairman of the company. He retires from this position on August 27 and becomes president. Sir Richard Cave is to be the new chairman.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglo-American Secs. int.	1	Aug. 23	1	—	2.35
Bonser Eng. int.	0.30	Sept. 3	0.30	—	1.17
Fodens	0.63	—	0.23	0.63	0.33
Philip Harris	2.18	—	2	3.48	3.2
Intl. Timber	3.39	—	2.92	5.64	5.17
Jackson Bourne End	1.79	—	1.79	2.85	2.85
Lee Cooper	3.25(a)	Sept. 6	1.63	4.88	1.63
McCleery L'Aime int.	0.75	Sept. 1	0.75	—	1.84
Mears Bros. int.	0.74	Aug. 13	0.67	—	1.62
Moorgate Investment	1.74	Aug. 23	1.41	2.33	2.08
Neil and Spencer int.	0.65	—	Nil	—	Nil
Thorn Electrical	3.06	Oct. 1	3.6	3.99	3.53

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Subject to Treasury approval.

BSR denies any Morse investment

BSR issued a statement yesterday denying that it had or ever had any investment in the equity or loan stocks of Morse Electronics Corporation of the U.S.

Rumours that Morse's share quotation had been suspended in New York and its current money problems sent BSR's share price 6p lower at one stage yesterday morning to 101p before a recovery to 105p.

Morse is one of BSR's largest OEM customers in the U.S., which accounts for two-thirds of sound reproduction sales, taking itself about 10 per cent. of deliveries. Morse's principal bankers have agreed not to invoke the default conditions for repayment due at the end of July and have allowed one more month for the restructuring of its $47m. debt.

BSR (USA) is currently owed $2m. by Morse but BSR adds that the U.S. company has always and continues so far to pay up within the agreed period of credit.

Mr. G. R. Wooldridge, a director of BSR, said yesterday that the company was working flat out and does not intend to reduce production in the current circumstances, in view of the strength of demand from all world markets.

Market analysts were largely unperturbed by the news at Morse and are still hoping to see pre-tax profits soar from £8.4m. to over £25m. in the current year.

In New York, Mr. Marvin Adler, Morse's senior vice-president finance said the company suffered a loss of $36.4m. on sales of $121m. in the year ended March 31, 1976. And this would have triggered default terms in its lending agreements relating to net worth and working capital if its principle creditors had not agreed to a waiver of the terms pending a restructuring of the capital.

A loss of some $29m. was incurred in the final quarter. While agreeing that an exceptional item might be involved, Mr. Adler was unwilling to comment on the details apart from saying that the company was carrying out an inquiry into the sources of the loss.

The company's bankers, according to Mr. Adler, led by Citibank, have given Morse until August 31 to finalise a debt restructuring; and Prudential Insurance of the U.S. (which has a debt of $23m. outstanding) has also waived the terms of its long-term finance.

Mr. John Hollands, president of BSR (USA), said that at present Morse was the company's second largest U.S. customer, just behind Soundesign Corporation. He said "We have not stopped supplying them although we have not agreed terms yet." He maintained that since BSR controls virtually the whole of the original equipment recorder changer in the U.S. it would not be damaged if it did have to stop supplying for any reason.

"It would just be a question of which of our customers would get the supplies which were going to Morse." He pointed out, however, that if BSR did stop supplying Morse it would weaken the company's position further.

£6m. textile company

Dent Fownes' recommended offer for Haighton and Dewhurst and Spencer Turner and Boldero which will create a £6m. company, have been posted to shareholders. All three companies have been substantially controlled for some time by the interests of Mr. Nadji Khazam, Mr. Isaac Yentob and their families.

Shareholders are told that if the offer is wholly successful Anglo-African Finance, which presently controls 39 per cent. of Dent Fownes, will emerge with 41 per cent. and The Textile Investment Company (both companies are controlled by Mr. Khazam and Mr. Yentob) with 27 per cent. This means that Dent would become a close company.

Anglo African believes that the merger of a wide range of textile activities will add stability to Dent and enlarge the range of trading opportunities. Dent is recommending a dividend of 2.6p gross for 1977, despite a likely fall in profits.

Haighton is forecasting a large rise in profits, but the directors say it is unlikely that this will be repeated in 1977, while a forecast for Spencer points to lower profits.

The share and cash offers are recommended by the companies' independent advisors but in the case of the alternative loan note offer they advise professional advice.

Lyncom in profit

A turnround from a pre-tax loss of £10,687 to a profit of £22,487 is announced by Lyncom Holdings for 1975, subject to tax of £10,430 (£4,261 credit). An amount of £10,128 is carried forward, against a deficit of £1,939.

There is again no dividend.

The company is engaged in property development.

The directors have decided to go ahead with a residential development in the London, W.2 district but this will depress results for some two years as it is the company's practice to charge interest to profit and loss. The benefit will probably not be felt until 1978.

Borrowings remain modest and the interest cost is well covered by rental income. The company's income and the underlying intrinsic value of investments has continued to grow.

Good start by Ever Ready

PERFORMANCE of Ever Ready (Holdings), the battery concern, should show a considerable improvement this year and already, the group's worldwide sales have risen in value by 31½ per cent. in the first quarter. Profitability has also increased substantially.

This was stated at yesterday's annual meeting by the chairman, Mr. Lawrence Orchard, who reminded shareholders, however, that last year in the first quarter the company was going through a difficult period so that comparisons could be a little misleading.

Exports from the U.K. had continued to increase in all product areas, being up by more than 40 per cent. on last year, said Mr. Orchard, who added that the U.K. battery market continued to be relatively static.

Shareholders were also told that the group's liquid position continued to hold up well and that interest charges were still declining.

The following are extracts from statements made by chairmen at other annual meetings yesterday.

Pension Fund Property Unit Trust—Mr. Cecil Baker said that the property market was in a "paradoxical situation." On the one hand there was a keen unsatisfied demand for first-class investment property, while on the other most banks and property companies were not making available any quality properties.

He added that although rental values have now stabilised, the market is anticipating 8 or 9 per cent. per annum growth rates which is taking a "positive" view of the country's economic recovery. Taking note of the high level of interest rates and the high cost of building, institutions were likely to be inhibited for several years from providing the funding finance required for new developments.

Alpine Holdings—Mr. Alan Dyer stated that despite the unfavourable climate for business generally the directors were confident that the current year would again show further growth.

The balance sheet showed a strong cash position and he regarded this as a "fundamental requirement in the current economic depression."

He also gave further details of the sale of Alpine's remaining freezer and frozen food activities.

Reporting on group activities Mr. Dyer said that new activities—Alpine Dreamline and Alpinair—were both operating successfully. While Alpine Windows has been affected by the building standstill, the mainstay of the group, Alpine Double Glazing was doing well, although it had suffered problems with a new computer.

Of the two companies in which Alpine had large minority holdings, Mr. Dyer said Omaglass in Ireland, was doing well and Century Aluminium was again in profit and he expected to see an encouraging contribution in the current year.

International Paint Company—Mr. C. A. Hogg predicted continued growth. Commenting on the changing international situation, he explained that the diversity of the company, both geographically and in the markets it served, would enable it to stand up better than most to uncertain conditions.

The company had spent £4m. on investment in the past year and this level would be maintained, Mr. Hogg added.

International Paint is the Courtaulds subsidiary which makes marine, industrial and decorative paints and finishes.

John Foster and Son—Mr. G. F. Grant said the first half of the year was proving no better than expected but in the light of current estimates the forecast of a modest improvement for the whole year might prove to b unduly conservative.

John Bright Group—Mr. I. M. Forde told shareholders that in the industrial textiles division, though margins were still under pressure, activity had continued to improve, and this supported the hope that the worst had been seen; the division had met with particular success in the export field.

The group's financial position remained strong.

Queen Street bac[k] in profit

RECONSTRUCTION of Queen Street Warehouse (Holdings) resulted in a turnround from a £539,567 loss to a profit of £8,877 for the year 1975/6.

Closure provisions released amounted to £134,802, which after charging reconstruction costs of £64,000, gives rise together with a surplus on property sales of £6,843 to an extraordinary credit of £77,645 (£1,550,038 debit).

	1975-76 £	1974-75 £
Turnover	[illegible]	[illegible]
Trading profit	8,877	[illegible]
L.t. Stk. Interest	—	[illegible]
Profit	8,877	*539,567
Extraord. credit	77,645	†1,550,038
Retained profit	86,522	*2,118,626

* Loss. † Debit.

During the year the first phase of the reconstruction was completed. The company disposed of its home services division so as to avoid further heavy losses. Full provision is still being maintained in the accounts against any sums still owing to the company on the disposals that have been made.

The second phase of the reconstruction is now under way and this involves the disposal of further assets to restore liquidity and to provide for the gradual expansion of continuing trading activities.

The continuing business now comprises the sale of suits through a wholly-owned subsidiary, C. and R. Lewisham and the sale of furniture through two wholly-owned subsidiaries, John Webb and Co. (Furnishers) and Johnson Brothers (Brighton).

The suit business operates from five branches but additionally the company is now operating ten shop within shop concessions. The concession concept, which does not involve the assumption of any fixed overheads, is proving successful and it is the Board's intention to enlarge this activity as and when a suitable opportunity arises.

The Furniture companies now operate from twenty-two branches in London, the home counties and on the south coast. This business is now running well and further growth by the opening of additional branches is the present objective.

The directors say it is not practicable at this stage to forecast results for this year but it can at least be said that the company is now headed in the right direction. It remains their intention to seek a re-quotation of shares as soon as practicable.

● comment

Last October Queen Street was in a "do or die" position between a capital reconstruction and liquidation. It got its reconstruction, moved out of home service, concentrated on furniture and menswear discounting, and managed a small trading profit last year. This year is viewed as the second phase of its recovery with plans for further asset disposals of non-trading properties, the proceeds of which could eliminate bank borrowings that still stand at a hefty £600,000. If the group is in these moves, the n[...] annual figures shou[...] further recovery, but 1977-78 before the comp[...] its true potential unde[...] guise. For shareholders looking possible that Qu[...] can rise from the ashes ously the past perfor[...] inspired little confiden[...] a restoration of the qu[...] be welcomed by all.

Bonser down at half way

AFTER charging new development costs o[...] against £60,600, Bonser [...]ing reports pre-tax pro[...] sharply from £2[...] in the half-year ended 1976. For the year to 30, 1975, pre-tax profit £272,232.

First half turnover changed at £7.81m. again[...] Net profits were £38, pared with £99,100. An[...] £15,200 (£75,700) is ret[...]

The net interim d[...] held at 0.30p—the total was 1.174p.

The directors say [...] generally difficult mar[...] has been a moderate [...] sistent increase in orde[...] first half of 1976.

The purchase of [...] buildings at Bristol [...] acquisition of the 20 a[...] tional to the factory pr[...] Gillbrook have been con[...]

● comment

Bonser's trading margin[...] by 39 per cent. in the giving a profits fall—eve[...] back new product expe[...] of nearly 44 per cent. lowed a period of weak[...] towards the end of last flected in an order bo[...] only one week at the December. Exports als[...] markets were lost in [...] disturbed countries Angola and Lebanon. Th[...] for the rest of the year viewed with caution. with a six-week back-log achieved by mid-year, should at least be bette[...] second half than in [...] Meanwhile, investment [...] in stocks and property [...] tual expansion, while up [...] is ear-marked for spe[...] new products this year. can be no comfort for th[...] which fell 3p yesterday [...] give a market capitalis[...] £1.3m.

ISSUE NEWS

Ivernia Exploration

Ivernia Exploration Company of Cork in Ireland is issuing up to 350,000 £1 shares at par. Ivernia has a 2 per cent. stake in the Deminex Group, an oil exploration consortium set-up to operate the Irish Continental Shelf Petroleum Exploration Licence 2/76.

The issue is in addition to the existing capital of 150,000 shares already issued to the promoters of Ivernia when the company was founded in 1974.

The proceeds of the issue will cover the company's total commitments in the exploration programme proposed by Deminex. The balance of the funds raised will be utilised in other areas of investment in the oil industry.

There is no minimum sum to be raised by the issue since Allied Irish Investment Bank has agreed to provide a facility up to £550,000 to ensure that sufficient funds are available. However, the directors are aware of firm intentions to take up 325,000 shares in the issue by various institutions.

The chairman of Ivernia, Mr. Clayton Love Jnr., states that the directors will take no remuneration during the exploration period. The minimum application is for £500.

[...] subscription price and will be distributed [...] among provisional [...] except that no paymen[...] made for less than £1.

RIGHTS RESULTS

The rights issue by AAH to raise £4m. on the basis of two-for-five at 115p each has been taken up as to 91.08 per cent. The balance has been sold and the net proceeds will be distributed to entitled shareholders.

Downs Surgical's rights issue to raise £965,000 on the basis of three-for-ten at 28p per share has been taken up as to 90.7 per cent. The balance has been sold at an average price of 29½p. The net proceeds after deduction of the

MOLINS OFFE[R]

MOLINS, the private tob[acco] paper machinery comp[any] half its shares owned e[...] British American Toba[cco] Imperial Group, is one o[...] ber of companies acti[...] sidering plans to go through an offer for sale [...]

Last year the company pre-tax profit of £8.1m. of over £80m., up from the previous year. Net the end of the year amo[...] £35.7m.

A spokesman for Mo[lins] firmed yesterday that an [...] been contemplated for so[...] but no date has yet been [...]

St[...]

Fodens loss over £1m.

ANNOUNCING A pre-tax loss of £1,010,886 for the year to March 31, 1976, compared with a profit of £946,348 in the previous 12 months, the directors of Fodens, Cheshire-based makers of commercial vehicles, report that the group is now operating at a profit.

The rate of profit is expected to improve throughout the current year, they add.

The loss per share is 15p (8.9p earnings) but "in recognition of the shareholders' support during a difficult year," a nominal dividend of 0.65p a share will be paid, double last year's 0.325p. If existing progress continues, the directors hope to be able to recommend a return to a more normal dividend next year.

Turnover for the year was £28.62m., compared with £28.28m.

At the interim stage, a pre-tax loss of £797,000 was announced, against a profit of £425,000 and the directors said then that little improvement could be expected in the second half. They foresaw an increase in demand in the spring of 1976.

Now, the directors say this demand became apparent in January, resulting in somewhat better figures than anticipated for the year as a whole. The current position is one of increased demand and output with a good order book and "some very satisfactory" recent export orders, the directors report.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Debenture Corporation, George Dew, Gestetner, Hardys and Hansons, Trust Houses Forte.

Finals—Blakey's (Malleable Castings), British Building and Engineering Appliances, H. P. Bulmer, Crellon, Derbyware, Diamond Stylus, Distillers, ERF, Hampson Industries, Hollas Group, Howden Group, Mitchell Somers, Ratners Jewellers, Alexander Russell, J. E. Sanger, Vita-Tex, Young Austen Young.

FUTURE DATES

Interims—
Mather and Platt ... Aug 24
St. Andrew Trust ... July 27
Saatchi and Saatchi Compton ... July 28

Finals—
JCEG Ltd ... July 22
Johnson-Richards (H. & R.) Tiles July 19
Sound Diffusion ... July 22

Optimism at Sutcliffe Speakman

IT WOULD be unwise to attempt to forecast but Mr. S. W. Livesey, chairman of engineers Sutcliffe, Speakman and Co. faces the coming year "with quiet optimism in the knowledge that we possess a splendidly thriving company."

More modern plant for the production of soda lime at the Fleet Lane factory in St. Helens is being installed—it will be capable of making a higher quality product and will have a greater production capacity.

As known, turnover for the year to March 31, 1976, improved from £5.05m. to £8.66m., and pre-tax profit was up from £0.35m. to £0.45m.

In the engineering division, export orders and the contract from Courtaulds for the USSR accounted for the increase in turnover from £3.45m. to £6.8m. Mr. Livesey says that these contracts had to be accepted at fixed prices which, in times of high inflation, results in reduced profit margins.

A current valuation on existing use basis of the group's interest in land and buildings was £0.54m., against a conservative net book value of £0.13m. Plant and equipment's net book value is £0.33m. —over the past three years alone capital expenditure on additions, replacements and modernisation was £0.44m.

On June 14 Prudential Assurance Company held 12.3 per cent. of the equity.

Meeting, Manchester, August 3, 12.30 p.m.

Intl. Timber recovering

TAXABLE PROFITS of International Timber Corporation fell from £1.85m. to £0.9m. in the 53 weeks ended April 3, 1976, in line with the midway expectations of lower profits. However, substantially better results are forecast for the current year and chairman Mr. R. E. Groves says that indications are that the pre-tax balance for the first quarter is already ahead of the 1975-76 total.

Commenting on the depressed result the chairman explains that demand was reduced by the country's economic problems at a time when inflation continued at a high rate and timber prices for much of the period were moving down making trading conditions difficult.

U.K. profits were better, but losses in Europe resulted in a reduced profit overall. By the year end there was a noticeable improvement which has continued into the current year, reports Mr. Groves.

Basic earnings per 25p share are down from 5.7p to 3.4p and fully diluted from 5.4p to 3.7p. Although not covered it has been decided, in view of very adequate distributable reserves, to increase the dividend by the maximum permitted—from 5.17p to 5.64p net, with a final of 3.39p.

A reduction of £8m. to £11.86m. has been achieved in bank borrowings during the year despite the purchase for cash of five companies and the inclusion of their overdrafts in total borrowings. This has been achieved—after an increase in debtors by £2m.—by a reduction in stocks of £5m. and an increase in creditors of £5m.

Since the year end medium-term loans totalling £8m. have been taken up with bankers, further reducing trading bank overdrafts, says the chairman.

	53 weeks 1975-76 £000	Year 1974-75 £000
External turnover	114,179	105,014
Trading profit	3,690	5,151
Realised prop. surplus	211	115
Interest*	2,987	3,578
Profit before tax	906	1,646
U.K. tax	432	716
Overseas tax	67	157
Net profit	407	773
Minorities loss	62	7
Attributable Ordinary	469	770
Dividends	784	783
From reserves	315	787

* Including loan interest £409,000 (£458,000). † Profit. ‡ To reserves.

An analysis of sales and trading profits by divisions shows (£000's omitted):— Timber and builders' merchanting £52,513 and £2,123, forest products £19,302 and £1,167, building products £16,623 and £298, veneer products £3,991 and £244, European £20,769 and loss £266, other overseas £1,166 and £153, and service and sundries £15 and loss £39.

Net asset value per share was 234.3p (245.1p).

See Lex

GENERAL CONSD.

At June 30, net asset value of General Consolidated Investment Trust was 87.25p, and not 82.25p as reported yesterday.

Moorgate Investment improves

Gross revenue of Moorgate Investment Company increased from £213,705 to £214,304 in the year ended May 31, 1976 and revenue before tax was £177,799 compared with £166,863 previously.

An amount of £110,718 (£104,428) is available for Ordinary holders giving earnings per share of 2.3759p against 2.2409p. The net final dividend is 1.7375p making a total of 2.35p compared with 2.023p.

Net asset value per 25p share is 67p against 60p a year earlier.

	Year 1975-76 £	1974-75 £
Dividends and Interest:		
Franked	148,495	134,854
Unfranked	64,812	78,851
Gross revenue	214,304	213,705
Administration expenses	16,027	15,573
Interest charges	20,478	31,369
Revenue before tax	177,799	166,863
Tax	67,081	62,435
Available Ordinary	110,718	104,428
Ordinary dividends	109,311	94,365
Retained	1,407	10,063

Overseas boost for Thorn

WITH GROWTH overseas more than offsetting a decline in the U.K., group pre-tax profits of Thorn Electrical Industries emerge some £3m. ahead at £74.4m. for the year ended March 31, 1976.

Within a total turnover figure up from £806.97m. to £956.23m., the overseas contribution continued to show a "very satisfactory" increase—up by 37 per cent. to £289m.—while home sales were less buoyant, rising by 12 per cent. to £667m.

Chairman Sir Jules Thorn explains that trading conditions in the U.K. were unfavourable and the difficulties were aggravated by the trebling of VAT rates on electronic and electrical consumer goods, which constitute more than half of the company's sales in the U.K.

The profit was struck after heavier depreciation—up from £67m. to £73m.—reflecting the satisfactory build-up in overseas television rental and the continued growth of colour television rental in the U.K. Financing charges show a sharp reduction from £11.5m. to £7m.—evidence of the progressive reduction in borrowings throughout the year.

Earnings per 25p share—before an extraordinary provision of £7.37m. in respect of the Skelmersdale closure—amounted to 28.2p against 23.6p. The net dividend is raised by the maximum permitted—from 5.325p to 5.987p, with a final of 3.962p.

Trading losses in the nine months prior to the announcement of the Skelmersdale closure have been deducted in arriving at the pre-tax profit. Also charged were redundancy payments of £2.4m. which excludes those relative to the Skelmersdale closure which are included in the extraordinary provision.

The group profit was struck after losses of £8m. (£4.8m.) on terminated activities.

Sir Jules reports that despite continued depressed trading conditions in consumer electronics in the U.K., the current year has so far shown an improvement over last year. With the continued development of overseas operations and the general improvement expected in the world economy he feels there is a basis for a return to the progressive growth in profits recorded in the 1960s and early 1970s.

	1975-76 £000	1974-75 £000
Turnover	845,156	719,507
Home	605,384	504,375
Overseas	239,669	212,182
Deduct inter-group transactions	111,047	89,177
Trading profit	136,459	144,113
Depreciation	73,020	67,348
Television sets on rental	36,227	32,615
Fixed assets	16,793	14,751
Financing charges	6,992	11,455
Profit before tax	74,438	65,402
Taxation	37,012	33,124
Net profit	37,406	30,278
Minorities	223	1,027
Preference dividends	16	16
Attributable Ordinary	37,413	31,253
Extra-ord. items	7,571	625
Leaving	30,342	30,638
Ordinary dividends	7,089	5,906
Retained profit	23,253	24,692

The chairman says that with continued lack of buoyancy in U.K. manufacturing operations and increasing competition from imports, the company has concentrated on improving efficiency and reducing costs.

The consumer electronics division was the worst affected of the U.K. operations. Following the short burst of business prior to the VAT increases, trade continued at a very low l[evel] ... the position was worsened [by a] serious increase in cheap ... from the Far East c... chrome television sets a... equipment.

The U.K. television re[ntal divi]sion showed very sa[tisfactory] growth in colour televisi[on] during the year despite [a set]back in the first half du[e to] increases. However, [the] effect of inflation on c... additional costs in impl[ementing] two VAT changes, the profit improvement w[as] modest, says Sir Jules.

The hoped for recove[ry in the] lighting business in the ... not materialise and pr[ofits con]tinued depressed. Foll[owing] excellent results reac[hed in] 1974-75, the engineerin[g opera]tions again performed v...

The electric domesti[c appli]ances division had anot[her] satisfactory year with substantial increases in ... an appreciable increase ... share.

Members are told that [an] encouraging feature o[f the] results was overseas. Th... operations made ... progress and, apart fro[m opera]tions started more recen[tly all] of the rental businesses [were] profitable. The lighti[ng and] domestic appliance b[usinesses] continued to make good ...

Despite continued diffic[ulties in] some areas, the consum[er elec]tronics business showe[d] improvement and an i... factor was the perform[ance of] AWA-Thorn, in Australi[a which] in its first full year o[f] operations recorded prof[its against] losses last year.

Group exports for t[he year] showed a further impr[ovement] totalling £92.1m. compar[ed with] £96m. The export perf[ormance] was better than shown in ... the reduction in ... subsidiaries outside Euro[pe and] the progressive build-up [of] manufacturing facilities ... distant territories.

Trading conditions w[ere] helpful for exports dur[ing the] year. In Europe in p... business was depresse[d] inflation rates were far ... than elsewhere in Euro[pe] currency realignments [to] make U.K. goods more com[petitive] did not take place until ... of the year, explains the ch[airman].

A divisional analysis o[f profits] is given in the following

	197[illegible] £m
U.K. including exports	
Consumer electronics	47.[illegible]
Domestic appliances	12.6
Lighting	4.5
Engineering	10.0
Terminated activities loss	5.2
Total	69.2
Overseas companies	
Consumer electronics	4.9
Domestic appliances	2.5
Lighting	3.7
Engineering	1.6
Terminated activities loss	0.5
Total	72.1
Financing charges	7.0
Group profit	74.4

* Loss.

Capital expenditure dur[ing the] year on fixed assets was ... £29.4m. against £31.6m., w[hile on] television sets, on or for [rental] there was an increase fro[m ...] to £81.8m.

See Lex

Carlton aim is growth

The target for the current year at Carlton Industries is a material increase in profits, Mr. L. Roydon, chairman, says in his annual statement.

Also, the continuation of the capital investment programme and a further, though more modest, reduction in gearing are planned.

As reported July 2, pre-tax profit for the year to March 31, 1976, was up from £4.41m. to £5.32m.—lead acid batteries and industrial fasteners contributed £3.2m. (£2.11m.), whisky activities £1.53m. (£1.41m.) and house building £1.53m. (£1.51m.).

During the year five divisions were either [sold or] ceased to trade.

The group is control[led by] London Merchant Securitie[s].

Meeting, Bristol, Septe[mber ...] 11.30 a.m.

BIRD (AFRICA)

Bird and Co. (Afric[a] an]nounces that the second [instal]ment of compensation ha[s been] received in accordance w[ith the] agreement reached wi[th the] Tanzania Government las[t ...]. The total received in ... sterling is about £235,000.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered
—	F.P.	—	10½	8½	Automated Sec. 10p	9	.....	b0.65	2.5
—	F.P.	—	£226¼	£214¼	Berry Pacific Fd. US$1	£225½	.....	48c	—
—	F.P.	—	31⅞	29¼	Esmark $US 1	£29¼	.....	Q$1.52	—
—	F.P.	20/8	62	61	Leech (Wm.) Builders	61	.....	25	2.1
47	F.P.	9/7	48	41	Wilson Walton 10p	42	.....	b6.18	3.1

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price
£99	£50	26/8	50	47½	Birmingham (City of) 13% Red. Stock 1985	4[illegible]
US$100	F.P.	—	$99⅜	$99½	Bowater 9¾% Bonds 1986	$9[illegible]
£100	—	—	102½	100	Debenhams 11% Con. Uns. 1993-3	101
C$100	F.P.	—	99¼	98½	IAC 9¾% Notes 1981	$97
US$10	Nil	—	$99¼	$99	Lloyds Eurofinance Guar. Fl'ting N'ts1983	$9[illegible]
**98	£10	3/9	10½	10	Mid Kent Water 8% Red. Pref. 1981	10
US$100	Nil	—	$99½	$99½	Nat. Westminster 9% Cap. Bonds. 1986	$9[illegible]
**£98¼	F.P.	23/7	98⅜	98½	Newcastle & Gateshead 8% Red. Pref. 1981	9[illegible]
C$100	F.P.	—	99½	99⅝	Noranda 9¼% Notes 1982	9[illegible]
US$100	Nil	—	101	100	Royal Bank of Scotland Floating Rate 1985	$10[illegible]
US$100	F.P.	—	100½	99½	Sandvik 9½% Bonds 1986	$10[illegible]
£97.5	£10	12/11	10⅝	9⅞	Sandwell (Met. Borough) 13% Red. Stock 1982	9
£95¼	F.P.	25/6	£96	£94½	Scottish Agric. Secs. 14% Deb. 1985	£95
‡£100	F.P.	3/7	124	110	Scot. Met. 9% Conv. '92/6	119
**£98	F.P.	30/7	98½	97½	Sunderl'd and S.Shields Wtr 8% Red Pref 1981	98

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p
115	F.P.	9/7	13/8	142	130	A.A.H.	137
20p	Nil	—	—	28	26½	Airfix Inds.	27p
70p	Nil	—	—	65	56	Allied Colloids	65p
66	F.P.	18/6	6/8	75	64	Bejam Group	74
35	F.P.	21/6	19/7	40	34	Booth (Intl.)	36
38	Nil	19/7	27/8	4	2½	Charterhouse Grp.	3p
14	F.P.	16/6	30/7	17½	14½	Coalite & Chemical	16
28	F.P.	9/7	5/8	32½	29½	Downs Surgical	32
140p	F.P.	29/6	28/7	190	168	Dunbee-Combex-Marx	190
8p	F.P.	25/6	16/7	10	8½	Hewlett-Hopper	10
29	Nil	21/7	18/8	7½	5	Hargreaves Group	7½pm
57	F.P.	3/6	30/7	71½	61	Lloyd (F.H.)	70
21	F.P.	22/6	20/8	24	22¼	Press (William)	24
47	F.P.	10/6	23/7	58½	49½	Ransome, Hoffman, Pollard	57
22½	Nil	26/7	8/9	4½	2¾	Readicut Int'l	4¼pm
24p	Nil	—	—	4	3½	Second City Prop.	3½pm
58	Nil	19/7	27/8	11	5½	600 Group	10½pm
52	F.P.	16/6	23/7	36½	32¼	Tootal	35
$A1.20	F.P.	18/6	—	137	83	Western Mining	136
60	F.P.	9/7	20/8	92	85	W.G.I.	92
70c	P.P.	—	—	81	47	W.arie-le-Borough	57

Renunciation date usually last day for dealing free of stamp duty. a F[igures based on] price to public. b Figures based on prospectus estimate. d Dividend rate p[aid or] payable on part capital, cover based on dividend on full capital. g ... unless otherwise indicated. u Forecast dividend: cover based on previous ... earnings. m Figures based on prospectus or other official estimate for ... r Figures assumed. ‡ Cover allows for conversion of shares not now r[anking] for dividends or ranking only for restricted dividends. ** Issued by t[ender] § Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ ... by way of capitalisation. †† Tender allotment price. ♦ Reintroduced. ‡‡ Iss[ued in] connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Iss[ued to] former Preference holders. ‡ Allotment letters (or fully-paid). † Provision[al or] partly-paid allotment letters. ¶ With warrants. ◆ After suspension.

هكذا اصل الأصل

هكذا الأصل

...raby Leslie ...ore active

...as been an encouraging ...n the level of activity ...Leslie during the first ...hs of the current year, ... Izod, chairman, tells ...his annual statement. ...a growing demand for ...n the mechanical engin... ...ision which accounts for ...70 per cent. of group ...and profits. The work... ...e civil engineering divi... ...isfactory in Scotland but ...w elsewhere.

...ectors propose to recom... ...rrent year dividends ...1.5p net on capital in... ...y the rights issue and ...of preference shares— ...permission has been ...

...rted July 7 turnover for ...to March 31, 1976 in... ...om £18.15m. to £21.13m. ...ax profit was £1.5m.

...had been charged on ...of their value to the ...under CCA conventions, ...rofit would have been ...y £0.48m. However, if ...on net monetary items ...credited to profits, the ...uld be increased by ...is is calculated from the ...net monetary liabilities ...the fall in the purchas... ...of money.

...during the year were ...ree times greater at ...he majority being sold ...iesels Braby.

...Abercorn Rooms, EC, ..., 11.30 a.m.

...dividends are expected to be paid as to an interim of 1.875p in May 1977 and as to a final of 2.5p in November.

Neil & Spencer sees 1.3p

Sales at Neil and Spencer Holdings expanded from £2.74m. to £3.62m. during the half-year to May 31, 1976 and pre-tax profit rose sharply from £48,000 to £129,000. In the year to November 30, 1975 profit was £134,000.

The company obtained substantial business at the International Laundry and Dry Cleaning Machinery Exhibition in June and the order position has shown a further increase.

While the directors expect the improvements to continue in the second half, they warn that rapid increases in the cost of services of materials still prevent the achievement of acceptable margins.

The company is resuming *dividend payments with an* interim of 0.65p net and anticipate a similar final—the last payment totalled 2.02124p in 1972-73, when profits amounted to a record £678,000.

First half profit includes exceptional profits of £12,000 (£16,000 loss) and is struck after loan stock interest down from £35,000 to £29,000. Tax takes £65,000 (£51,000).

...ima Group ...ganises

...Group, which operates ...and Northern Ireland ...oduction and marketing ...clothes, sportswear and ...textiles, yesterday an... ...proposals for a re... ...g of the group.

...volve the formation of ...lding company, Slimma ...dings, with two separate ...nd Northern Ireland ...ompanies operating as ...sidiaries.

...ern Ireland subsidiary ... Kinnaird Textiles has ...g 66,202 6 per cent. ...e cumulative Preference ...of which 16,929 shares ...d by Slimma. As part ...roposals it is intended ...49,273 shares held out... ...group should receive a ...of 87½p per share.

...ended that the proposals ...plemented by schemes ...ment with the following ...or each Ordinary 25p ...Slimma, 1 of Slimma ...for each 5½ per cent. ...e preference share, 1 6 ...cumulative preference ...Holdings; and for each ...scheme share, 87½p in...

...posals are expected to ...fective towards the end ...r. It is intended that ...olders of Slimma should ...ive a second interim ...of 1.6098p per share in ...the year to June 30, ...u of a final. This would ...total up to 2.1678p net, ...um allowable (1.97075p). ...Holdings will acquire ...ith effect from July 1 ...accounts will be made ...e 30, 1977. It is intended ...lividends on the new ...Holdings Ordinary of ...rospect of 1976-77. Such...

Anderson Strathclyde potential

After five years of rapid growth, it is expected that in the current year at Anderson Strathclyde there is likely to be a short period of consolidation, the chairman, Mr. D. Misselbrook, says in his annual report.

However, new technical developments are already beginning to be marketed and a further step in re-organisation is aimed to increase the intensity of the total marketing effort, says the chairman. "This is the basis for future progress."

As reported on June 25, pre-tax profits for the year ended March 31, 1976 rose from £2.64m. to £3.53m. on turnover of £37.52m. against £31.13m.

At March 31, there was reduction of £2.86m. in net short term borrowings compared with a year earlier. This improvement in the cash position will assist the investment programme in new plant and equipment, the chairman says.

A further statement on prospects will be made at the annual meeting on August 5. By then there should be a better understanding of the effects of the revision of the Price Code in its final form and figures for the first three months of the trading year should also be available.

The group trades as electrical, mining and mechanical engineers.

...A. Asphalt in strong ...h position

...during the first three ...1976-77 has resulted in ...provement in the cash ...of Anglo American ...Company, Mr. Digby ...hairman, says in his an... ...ment.

...the past two years the ...s concentrated on the ...tion of group activities ...this now almost com... ...with the strengthened ...heet, opportunities for ...tment are being sought. ...h 31 cash had increased ...273 to £352,794 while ...were down from ...£160,308.

...rms his forecast at the ...y stage that he sees no ...y the group should not ...in the current year ...e record-breaking pre... ...onths.

...rted the group almost ...s pre-tax profit from ...o £901,035 in the year ...31, 1976. The dividend ...sed, with Treasury con... ...wing last November's ...r rights issue, from ...6.5p a share net. A ...e scrip issue is also...

The profit upsurge reflects a greatly increased contribution from the principal subsidiary, Metrotect, demand for whose pipeline protection products continued at a high level both at home and overseas throughout the year.

This resulted in Metrotect's manufacturing plants in Yorkshire and Kent working to full capacity. With the new plant in Scotland operating on schedule since April the additional 30 per cent. production capacity will enable this subsidiary to give a more rapid and efficient service to North Sea customers, says the chairman.

Moreover it will allow the two plants in England to concentrate on export business. Metrotect's order book stands at a higher level *than this time last year with more* than 50 per cent. of orders for export.

The group's remaining interests operated satisfactorily. But excluding the share of profit derived from the associate W. and J. Glossop, Metrotect accounted for 88 per cent. of profit with quarrying and bitumen construction for the other 12 per cent.

Chairman's statement Page 18

...LTS AND ACCOUNTS IN BRIEF

...D PROPERTY TRUST — ...year ended April 5, 1976. ...e 24. Fixed assets £1.976m. ...Net current assets £7.3m. ...urrent market value of pro... ...by subsidiaries in excess of ...ared with book value of ...ctor, Mr. F. Gresswell has ...and has been invited to ...b's first president. Meeting, ...gust 5 at noon.

...PLANT—Results for year to ...976, with prospects reported ...Group fixed assets £2.1m. ...Net current assets £0.39m. ...t March 31, Carlton Industries ...r cent. of share capital and ...further 40,000 shares between ...June 18 Carlton is sub... ...London Merchant Securities. ...stol, September 1 at 11 a.m.

...PRINTING COMPANY— ...9 (£364,944) for half year to ... 1975. Pre-tax profit £57,270 ...nels. investment income ... Tax £29,760 (£28,704) ...ays that in view of the ...of affairs in printing in... ...ts for first half of current ...isfactory and they feel that ...or the full year will prove ...table to holders.

...VESTMENT—Second interim ... making a total to 4.0p for ...hs ended June 30, 1976.

...DS INDUSTRIAL CORPORA... ...ts for year to March 31, ...ly known. Fixed assets ...32m.). Net current assets ...4.73m.). Chairman says ...ld increase in second half. ...ndo, on August 26.

...esults for the year to ...1975, reported July 1, with ...on prospects. Group fixed ...m. (£1.24m.). Net current ...n. (£1.21m.). Cannon Street ...holds 26.27 per cent. of ...leeting, Dorchester Hotel, ...oon.

...ESTMENTS—Revenue after ...alf-year to June 30, 1976, ...917) Net revenue £40,560 ...igures not comparable owing ...of dividend payments. Net ...per share 100.81p (87.78p). ...dividend (same)

...S BOURNE END (Millboard ...)—Final dividend 1.7965p net ...ing 2.8465p (same) for year ...1976. Sales £3.46m. (£3.21m.). ...fit £39,000 (£157,000). Net ...(£71,00). Net extraordinary income £20,00 (£3,000). Directors say volume of trading remained at low level throughout year, during which company was also engaged in reorganisation of *production facilities. Order position has* recently showed some sign of improvement. Extraordinary income retained the surplus on sale of land after writing off purchased goodwill.

G. F. LOVELL AND CO. (confectionery makers)—Turnover £1,312,000 (£1,316,000) for half year to May 1, 1976, profit £42,858 (loss £13,532) after all charges including tax nil (same). Earnings per 25p share 4.533p (loss 1.567p). *Again no interim is declared—last payment* was 2.1875p for year to December 31, 1972.

MEGGITT HOLDINGS (machine toolmakers)—Interim dividend 0.17875p per share (0.1625p) for year to October 31, 1976. Turnover for six months ended April 30, £1,729,651 (£1,650,255). Profit £28,647 (£46,876) after tax £34,180 (£53,490). Dividends £7,668 (£6,971). Earnings per share 0.67p (1.09p). Chairman says order book is slowly but steadily expanding, additional facilities at factory in North East have been completed and are attracting new business, and we remain optimistic that profitability will improve during remainder of financial year.

NEW HIBERNIA INVESTMENT TRUST—Net asset figure applicable to Ordinary units at June 30, 1976, 39.1p. If allowance is made for full conversion of the *Preference shares the net asset figure* would be 42.5p.

SILVER MINES—Results for 1975 already known. Group net current assets £663,323 (£847,535). Exploration expenditure £7,629 (£11,444). Quoted investments £85,796 (£125,276). Associated £1,014,253 (£1,000,406). Unquoted investments £265,268 (£212,750). Freehold property £939,457 (£486,255). Other fixed assets £7,289 (£7,753). Meeting Dublin on August 6.

SIMMER AND JACK MINES—Dividend 5 cents per share.

WESTERN SELECTION AND DEVELOPMENT COMPANY—Revenue for half-year ended March 31, 1976 £323,000 (£282,000). Made up of trading profit of subsidiary companies £237,000 (£175,000), dividends and interest £52,000 (£57,000), (£50,000). Depreciation £43,000 (£34,000). (£50,000). Depreciation £43,000 (£34,000). Administration and general expenditure £25,000 (£27,000). Interest £6,000 (£5,000). Profit before tax £249,000 (£216,000). Tax £122,000 (£87,000). Profit after tax £127,000 (£129,000).

Lord Barber slams high tax rates

THERE IS a danger of a "considerable exodus of potential top management from this country" unless something is done *soon about high tax rates, Lord* Barber argues in his annual statement as chairman of Standard Chartered Bank.

The great majority of executives, he says, have responded to the Government's call for sacrifice for a period, but "it is essential that in the near future the Government should assure them that their enterprise and hard work will once again be rewarded on a scale which at least begins to match that which prevails in the countries of our main overseas competitors."

In the bank itself, he says, some *managers abroad have a post-tax* income greater than the London-based group managing director. The burden of tax on top management in the U.K., coupled with the narrowing of differentials, if it continues, "will ultimately deprive this country of the quality of management which is essential for our economic recovery."

Commenting on the U.K. economy, Lord Barber says that action on public spending would "do more than anything else to restore overseas confidence in the long-term future of the U.K." He adds that "contrary to certain ill-informed criticism," the U.K. financial institutions "are only *too eager to play their part in the* nation's economic revival."

The bank has reported net profits of £38.15m., ahead of the £34m. forecast at the time of the rights issue in February. The chairman says that against the depressed economic background of the past year the results reflect credit on management and staff "in a year in which world recession was coupled with continued inflationary pressures on costs in *most countries where we do* business."

In recent months, however, "it has been possible to look forward with some confidence to an upturn in activity and to further growth in our own operations." In the past year, Lord Barber comments, the growth of the group's business was seen in a rise of total assets to £6.7bn. against £5.3bn. in the previous year. The increase of advances and deposits by over 25 per cent. "indicates our success in riding out depressed production trading levels."

Chairman's statement Page 19

Return to profit seen by Cropper

If the pound can be held at the present level, and activity continues to improve, then the current year at James Cropper and Co. should be better and there will be a return to profitability, says chairman Mr. J. A. Cropper.

The borrowing facility of £1.2m. will enable the company to modernise its No. 3 machine at a cost of approximately £500,000. The first stage, which will be completed in January, 1977, will absorb the tonnage from Cowan Head and close that machine. The company's cash position will not be adversely affected because the savings in labour, power and repairs more than cover leasing charges.

As reported on June 25 a pre-*tax loss of £201,578 was incurred* for the year to April 3, 1976 compared with a profit of £309,579 for the previous year.

Mr. Cropper explains that if the directors had foreseen that the company would be running at 60 per cent. capacity they would not have committed themselves to the capital expenditure, of £415,000. The directors have cut back spending on new plant, the effect of which will show up in the current year. The expenditure was mostly on completing projects started in 1974 or earlier.

Investment plans postponed in time of inflation are always more expensive to carry out at a later date, and more disruptive if all machines are running flat out, the chairman points out. He is confident the directors will be grateful for this investment despite its problems.

Meeting, Kendal, on August 5, at 10.30 a.m.

Provident Life

New policies, net of re-Association of London increased from 7,285 to 8,329 for the six *months to June 30, 1976.*

New life and annuity premiums comprise annual premiums £1,207,000 (£1,283,000) and single premiums £557,000 (£319,000).

New sums assured totalled £106,400,000 (£73,800,000) — new annuities per annum were £318,000 (£656,000).

Philip Harris upturn

AS EXPECTED, results of Philip Harris (Holdings) show an increase for the year ended March 31, 1976. Pre-tax profits are up from £479,862 to £602,910 *following the rise from £242,552* to £282,?72 in the first six months.

Earnings per share are 9.2p against 6.4p and the net final dividend is 2.18p making a total of 3.48p compared with 3.2p previously.

The group makes and distributes educational scientific equipment, pharmaceutical and surgical products. Meeting, Sutton Coldfield, August 26 at noon.

	1975-76 £	1974-75 £
External turnover	6,263,690	5,101,634
Profit before tax	602,910	479,862
Taxation	302,781	270,708
Net profit	300,129	209,154
Extraordinary credit	12,653	*4,347
Preference dividends	4,140	4,140
Ordinary dividends	111,363	102,400

* Debit.

CORINTHIAN HOLDINGS

The chairman of Corinthian Holdings, Mr. Frank Collins has resigned from the Board as he indicated at the recent AGM. This follows quickly on the resignation last month of Mrs. Gloria Eban who left with a combined compensation and ex gratia payment of £11,000.

Recently there has been speculation that a bid may be in the offing for Corinthian. Some 37 per cent. of its shares are held by the liquidator of Corinthian Investment Trust. A spokesman for Cork Gully said yesterday that a few approaches had been received but none of them serious.

MINING NEWS

Two disappointments from Anglo-Vaal

BY KENNETH MARSTON, MINING EDITOR

UNEXPECTEDLY lower profits for the June quarter are reported by the Anglo Transvaal Consolidated group's antimony-gold producing Consolidated Murchison and the young Prieska copper mine. In each case there has been a sizeable fall in sales.

After the bumper March quarter when Murchison's shipments of antimony concentrates amounted to 7,559 tonnes, compared with a production of 4,680 tonnes, June quarter's shipments have fallen to 5,961 tonnes although they have still exceeded increased production in the period of 5,150 tonnes.

It is pointed out that shipments can vary considerably from quarter to quarter. However, it will be recalled that in April the chairman, Mr. P. R. Wilton, said that Murchison's total sales for 1976 could amount to some 25,000 tonnes compared with 19,887 tonnes last year. The group's June quarter working profits are compared in the following table.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Hartebeestfontein ...	12,577	11,112	18,025
Loraine	*1,629	*1,958	*561
Cons. Murchison ..	3,092	[illegible]	5,137
Prieska	4,577	4,613	5,065
East Transvaal .	480	533	741

* Loss.

No explanation is given for the fall in Prieska's despatches to 14,751 tonnes of copper concentrates and 34,107 tonnes of zinc concetrates compared with respective March quarter figures of 27,305 tonnes and 48,596 tonnes.

Copper production in the latest quarter increased to 28,109 tonnes while that of zinc was a little down at 38,903 tonnes. In the absence of any official guidance it will be presumed that Prieska's sales, notably of copper, will recover in the current three months.

The group's gold mines have managed to increase production in the June quarter but Loraine continues to lose money (before receipt of State assistance), albeit at a lesser rate than in the March quarter. Hartebeest has increased working profits from both gold and uranium.

CGFA UNDER 10% PANCONTINENTAL

The sale of 4,280 shares of Australia's potential Northern Territory uranium producer Pancontinental reduces the stake therein of Consolidated Gold Fields Australia, the 68 per cent. owned offshoot of London's Consolidated Gold Fields, to less than 10 per cent. of Pancontinental's issued capital.

This means that under the latest guidelines laid down by the Australian Federal Government whereby individual shareholdings of less than 10 per cent. would be ignored in regard to the country's uranium deposits being owned as to 75 per cent. Australian and 25 per cent. overseas, the CGFA shareholding will thus fall into the former category.

It is understood that CGFA has no present intention of reducing its Pancontinental stake any further. In the Australian market overnight on Tuesday, a special sale of 42,000 Pancontinental shares was believed to have been made on behalf of Mid-East Minerals, the stock reportedly going to U.S. interests. Pancontinental were £15½ yesterday.

Denison's plans for BC coal

Formal agreement has been signed between Canada's Denison Mines and the Ruhrkohle Group for the joint development of the former's Saxon metallurgical coal property in northern British Columbia. The Ruhrkohle Group comprises of the West German company of that name, Japan's Mitsui and a French steelmaking concern.

It is estimated that $5m. (£2.9m.) will be needed for a two-year exploration and feasibility study of the property, of which $2m. will be spent this year. Preliminary work has outlined 120m. tons of surface mineable coal increasing the potential reserves to 300m. tons.

The agreement entitles the Ruhrkohle Group to purchase a 50 per cent. interest in the prospect in three stages, 15 per cent. immediately, a similar amount in 1977 and the final 20 per cent. in 1978.

Turning to the Quintette metallurgical coal project which is 40 miles to the north of that at Saxon, Denison's chairman, Mr. Stephen Roman, says that a final feasibility thereon will be completed later this year.

The two properties could benefit from sharing such support facilities as railroad, port, power and communications, adds Mr. Roman. The Saxon joint venture will be managed by Denison with the Ruhrkohle Group arranging necessary finance and sales upon a production decision being made.

SILVERMINES

"A significant amount of cash" will be utilised to diversify and expand the earnings of Ireland's Silvermines, according to the company's chairman Mr. George Russell in the annual report.

Calls on the company's holdings in offshore oil exploration through Aran Energy and Gannet Offshore Production Services will reduce the company's liquidity in the coming months from the high level at which it has been running in the past three years.

A better year is expected from the holdings in Mogul of Ireland and from the barytes royalty while the company "looks forward with keen interest" to the results of the first Aran/BP drill hole. Silvermines were 62p yesterday.

UNION CORPN. GOLD PROFITS

Apart from Marievale, all the gold producers in the Union Corporation group have made lower working profits in the June quarter. Their costs per ton of ore milled have risen by between 10 cents and 65 cents while the average gold price received by the mines has been around $124 per ounce, some $2 less than in the previous three months.

Th quarterly working profits are compared below.

	June qtr. R000	Mar. qtr. R000	Dec. qtr. R000
Bracken	3,563	3,829	4,499
Grootvlei	360	344	[illegible]
Kinross	5,319	5,671	[illegible]
Leslie	1,020	1,280	1,518
Marievale	540	528	1,240
St. Helena	14,353	15,353	17,938
Winkelhaak	7,614	8,235	9,195

ROUND-UP

The Indonesian Government has purchased 19,058 shares (5.5 per cent.) of Freeport Indonesia at $435 (£243) a share. The latter is a subsidiary of America's Freeport Minerals whose stake therein will be reduced to just over 80 per cent. The deal will net FM some $1.5m. (£0.8m.).

* * *

Rhodesian mineral output will rise some 20 per cent. this year to between $R200m. and $R210m. (£177.6m. to £186.5m.) according to Mr. Craig Gibson, president of the Rhodesian Chamber of Mines. The increase will reflect increasing production at existing mines and the coming on stream of new nickel and gold operations.

* * *

Agreement over the New Caledonia nickel project should be reached in October and the scheme become operational at the beginning of next year says Mr. Olivier Stirn, the French Secretary of State for Overseas Departments and Territories. The French Government wants a majority stake in the project and it is understood that it is holding talks with Creusot-Loire and Pechiney and America's Amax on what roles the companies will play and how much they will each invest in the project.

* * *

America's Rosario Resources is holding talks with the Dominican Republic reviewing the whole structure of the agreements pertaining to the Peublo Viejo and Los Cacaos gold properties with a view to seeking "a final, long-term accord."

BIDS AND DEALS

UKO rejects Pilkington

U.K. Optical has firmly rejected the take-over bid made by Pilkington Brothers on Tuesday on the grounds that it is inadequate and "fails to reflect the past record, current performance and future prospects." The U.K. Optical share price shed 15p yesterday to 165p, while a 5p fall in Pilkington to 320p left the value of the cash and shares bid at 185p per share.

The Board of UKO, together with its advisers, also states that the take-over would not be in the best interests of the consumers, the workforce, the ophthalmic optical industry or the UKO Management.

The UKO statement attacks the industrial logic of a possible take-over by Pilkington.

The manufacture of glass has little in common with the manufacture of lenses and the Board of UKO know of no technology from the former which could be of advantage to the latter. It goes on to say that "The Board's concern is that the substantial progress that has been made over past years, to the benefit of shareholders, employees and consumers should not be inhibited by an organisation that has no knowledge nor experience in the field of mass production of spectacle lenses." Sir Ian Morrow, chairman of UKO, said of the bid last week that "industrially it is nonesense."

Some confusion also arose over which party made the first approach. The original statement from Pilkington referred to certain UKO directors having made "informal approaches to certain directors of Pilkington concerning the industrial merits of integrating the ophthalmic business of the two groups." However, yesterday's answering statement from UKO indicated that the bid approach was made by Pilkington after UKO had indicated that they were exploring alternative sources of supply for part of their requirements.

Subsequent discussions that took place between Pilkington and UKO resulted in no agreement being reached. It is the intention of the UKO Board to issue a detailed rejection statement after the official bid document from Pilkington has been despatched.

MONSEIGNEUR GRILLS

Mr. Cyril Margolis has acquired through his holding company his brother's (H. Margolis) 50 per cent. holding in Monseigneur Grills, which operates the Garners Steak Houses and Charco group of restaurants, on mutually agreed terms. Mr. Harold Margolis has resigned as a director and has no further connection with the group.

Present plans include the consolidation of the group's 22 units and the possibility of acquiring additional ones. Investigation of a franchise operation in a different field of food service is also being undertaken.

LESBROOK

Lesbrook has withdrawn from the business of general pressings, to ensure continuation of supplies to its customers in that division. It has made arrangements with Electronic Machine Company under which the goodwill of the pressing business will be transferred to EMC; at the same time EMC has purchased from Lesbrook for £76,000 certain production equipment associated with that business.

Lesbrook continues as an engineering sub-contractor on a restricted basis and will now concentrate on the production of its lighting equipment and the Bickerton Bicycle, this will be the subject of a resolution to be put before shareholders.

G. R. DAWES

G. R. Dawes, a wholly-owned subsidiary of G. R. Dawes Holdings, has acquired some 96 per cent. of both the Ordinary and Preference shares of Rabone Peterson, a confirming house and export merchant.

The remaining shares will, if necessary, be purchased compulsorily and on the basis of 100 per cent. acquisition the aggregate consideration is £390,460 of which £161,200 is for deferred settlement on April 1 next.

The audited accounts of Rabone for 1975, showed net tangible assets of £562,233 and pre-tax profits for the year were £102,382.

NO PROBE

Mrs. Shirley Williams, Secretary of State for Prices and Consumer Protection has decided not to refer the proposed merger between the Stelrad Group and the boiler interests of the Ideal Standard Group to the Monopolies and Mergers Commission.

SHARE STAKES

McLeod Russel and Co., together with the Makum (Assam) Tea Company, a subsidiary of Namdang Tea, holds a total of 1,822,888 (38.74 per cent.) shares in Tertrams.

Ambrose Investment Trust has been informed by Hume Holdings that it has acquired 730,000 income shares (10.138888 per cent.) and 384,950 capital shares (10.693055 per cent.).

Beneficial interest of Merchandise and Investment Trust—wholly-owned subsidiary of Hambros — in Hellenic and General Trust has increased from 8,167,820 shares to 8,178,820 shares following recent purchases. This holding, with £500,000 5 per cent. preference stock also held, represents 52.715 per cent. of the free unrestricted voting rights of the company.

Kulim (Malaysia) Berhad received notice from the Johore State Economic Development Corporation that including 950,000 shares contracted for purchase it is the beneficial owner of 4,966,000 (10.821 per cent.) shares in Kulim.

Sheffield Brick now holds 198,286 Ordinary shares in Raine Engineering Industries.

Rival for FC Construction

Chances of a take-over tussle around FC Construction (Holdings) strengthened yesterday when, following Norwest Holst's 70p a share cash offer, another (unnamed) counter-bidder stepped in.

News of this development sent the FC shares soaring 17p to 82p. The outcome of the affair must, however, still be in a great deal of doubt, since Norwest has launched its bid already holding 24.2 per cent. of the FC shares, while directors of Norwest own another 10.35 per cent.

Charterhouse Japhet, advisers to FC, said yesterday that FC had received another approach which could lead to a higher offer being made. Shareholders were advised to take no action pending their Board's advice.

It emerged yesterday that the 10.35 per cent. of FC held by Norwest directors is in the hands of Mr. Raymond Slater and Mr. John Lilley, whose project to acquire the 27 per cent. stake of the Le Mare family in Norwest, in addition to their own 25 per cent. holding, was turned down by the Take-over Panel earlier this year.

UNITECH EXPANDS IN EUROPE

Walmore Electronics—a subsidiary of Unitech—has acquired the inventory and fixed assets of the electronic component agency division of AB Sonab in Sweden. This will form the basis of an electronic component agency company in Scandinavia—Walmore Electronics AB—which is part of Walmore's European expansion plan.

Assets acquired total Kr2.7m. and the amount paid on completion Kr650,000 (£83,000). A further Kr.1.35m. is payable on May 31 and Kr.700,000 on Dec. 31, 1977. These amounts will bear interest at 7 per cent.

Spending check scheme set up

A PROGRAMME of regular forecasting and monitoring of trends in housing and local government finance has been set up by Mr. Peter Shore, the Environment Secretary.

The work will be carried out by the Centre for Environmental Studies and financed by the Department of the Environment. Results will be published by the centre in a twice-yearly review.

aac

New Central Witwatersrand Areas Limited

(Incorporated in the Republic of South Africa)

DECLARATION OF DIVIDEND NO. 22

Notice is hereby given that dividend No. 22 of 12.5 cents a share being the final dividend for the year ended 30th June 1976 (year ended 30th June 1975: 13.5 cents) has been declared payable to shareholders registered in the books of the company at the close of business on 30th July 1976.

This dividend, together with the interim dividend of 4.5 cents a share declared on 31st January 1976 makes a total of 17.0 cents a share for the year. (1975: 19.0 cents).

The dividend is declared in the currency of the Republic of South Africa.

The share transfer registers and registers of members will be closed from 31st July to 13th August 1976 both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about 2nd September 1976.

Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 24th August 1976 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that any such request is received at the offices of the company's transfer secretaries in Johannesburg or in the United Kingdom on or before 30th July 1976.

The effective rate of non-resident shareholders tax is 14.0595 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the company and also at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

Subject to final audit the income statement of the company for the year ended 30th June 1976 and the abridged balance sheet at that date are as follows:

INCOME STATEMENT

	1976 R	1975 R
Investment income ...	353 238	393 916
Interest earned	5 193	6 659
	358 431	400 575
Deduct:		
Administration expenses	53 191	55 781
Interest paid	522	—
	53 713	55 781
Net profit before taxation	304 718	344 794
Provision for taxation	1 621	2 085
Net profit after taxation	303 097	342 709
Dividends:		
No. 21 (Interim) of 4.5 cents a share	79 488	97 152
No. 22 (Final) of 12.5 cents a share (1975: 19.0 cents for the year) ...	220 800	238 463
	300 288	335 615
Retained profit	2 809	7 094
Unappropriated profit from previous year	51 131	44 037
Unappropriated profit, 30th June 1976	R53 940	R51 131

BALANCE SHEET

	1976 R	1975 R
Issued share capital	883 198	883 198
Distributable reserves:		
Investment reserve	137 401	137 401
General reserve ...	600 000	600 000
Unappropriated profit	53 940	51 131
	791 341	788 532
	R1 674 539	R1 671 730
Listed investments—market value (1975: R6 759 300)	1 674 686	1 670 748
Unlisted investment and mineral rights	2	2
Loan portion of taxation	16 786	16 003
	1 691 474	1 686 753
Current assets:		
Debtors	85 134	117 256
Cash at bank and at call	146 357	131 284
	231 551	248 540
Current liabilities:		
Shareholders for dividend	220 800	238 463
Creditors	27 686	25 100
	248 486	263 563
Net current liabilities	16 935	15 023
	R1 674 539	R1 671 730

At 30th June 1976 the net asset value per share was 272 cents, compared with 383 cents at 30th June 1975.

By Order of the Board
For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
London Secretaries
D. H. J. Pattison

14th July 1976

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

Office of the United Kingdom transfer secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford,
Kent, TN24 8EQ.

هكذا أصل الأصل

...inimal scope for ...uromarket control

...VID CURRY BRUSSELS, July 14.

...ORS OF EEC central ...e been told that there ...t a division of opinion ...ember states to make ... to try to introduce ...ity-wide framework of ...n and control of the ...ets. A working party ... been discussing the ...as also concluded that ...ical complexities of ... a harmonised super... ...tem and, moreover, the ...ibility of operating ... nine alone also rule ...ar-reaching project of ...n.

...r, the short-term ...ovements group of the committee and commit... ...ernors has not returned ...cal no to all ambitions ...upervision. It sees some relatively minimal ac... ...e the agreement on ...y reserve requirements ...ven proposals of this ...ld not be expected for ...ee years at the earliest.

The committee did not examine fully the whole range of controls available, including supervisory systems, foreign exchange controls, banking regulation and precautionary reporting schemes. Its emphasis was much more strongly on supervision than control, and it is being emphasised in Brussels that the sub-committee was always intended more as a study group than as an action group. In the words of one group member it is thought that "nothing very much" will happen following the presentation of the report to the two parent committees.

It was never very likely that EEC countries would find much ground for agreement. While Britain and the Benelux countries generally wish to avoid taking measures which would hinder the free operation of the market and are confident that individual nation supervisory systems are efficient enough, Germany and France approach the problem from a rather different viewpoint. Germany, sensitive to money inflows attracted by a strong currency, is preoccupied with the effect of these flows on domestic management of the economy while the French inclination towards more stringent regulation of the euromarket reflects primarily a concern for the stability of the exchange system.

While the group did not discuss regulation with non-EEC members, it did consider what would be a reasonable regulatory zone and decided that any system would have to embrace the Swiss, American, Japanese and possibly Canadian markets to be effective. However, sentiments in these countries are even less favourable towards government-managed supervision than they are within the EEC.

Even a proposal dealing with compulsory reserve requirements would be difficult to formulate, since it would touch only the supply and not the demand side of the market.

...uth African borrowings

...ARY CAMPBELL

...AFRICA has received ...surances" from com... ...anks on the bulk of the ...0m. (about $250m.) ...foreign currency loans ...to raise from them ...the current financial ...nator Owen Horwood, ...nce Minister, said in ...esterday. Most of the ...uld come in the form ...m term credits of up ...years—Senator Hor... ...d that in view of the ...payable by South ... the Eurobond market ...not particularly in... ...n borrowing there.

...overall R320m., R175m. ...e new money, R90m. ...e loan renewals and ...uld be loans negotiated ...e last financial year but ...n up until after the ...of the current year in ...he R320m. applies only ...epublic of South Africa. ...ector institutions such ...R, ESCOM and the rail... ...y be expected to raise ...al sums too, he said.

...ng before the IMF's gold ...Senator Horwood said ...viewed the auctions as ...floor level for the price of gold. He thought that fabrication demand for gold would strengthen, pushing up the price. He also commented that with central banks buying at the auctions and with gold increasingly being used as collateral by countries borrowing foreign currencies he found it difficult to believe that gold is being phased out on the international monetary system.

Senator Horwood said that South Africa itself would not use gold as collateral for borrowing. He declined to say whether the Rand 500m. sale and repurchase agreement on gold which South Africa concluded last March with unspecified foreign banks would be extended. He said since the announcement of the arrangement, South Africa had had approaches from many banks, including private sector commercial banks offering similar arrangements.

Hungary loan denial

BUDAPEST, July 14.

A TOP Hungarian banker today denied that East European countries were approaching the limits of the amount they could expect to borrow in the West.

Dr. Matyas Timar, president of the National Bank, told the Communist Party paper Nepszabadsag that the Soviet bloc had only borrowed very modestly in recent years compared to other groups of nations.

Hungary had used up only a modest part of her credit-worthiness according to the normal lending criteria of western banks, he said.

The Hungarian National Bank recently signed in London a $150m. loan arranged by Bankers Trust International. Dr. Timar said that this would largely meet Hungary's credit needs for this year.

Dr. Timar said Hungary mainly used credits for investments in tourism, farming, the food industry and other sectors which quickly earned hard currency.

Reuter.

...est German banks protest

...ICHAEL BLANDEN

...NG attack on the new ...legislation now being ...ed by the U.S. Congress ...launched by the West ...private banks.

...egislation discriminates ...foreign banks operating ...U.S., the West German ...have argued. In a ...worded statement the ...on of private banks ...s that the proposed ...reaten the principle of ...ity in international ...and contain elements of ...onism.

...anks say there are four ...areas in which the pro... ...legislation would have ...ve effects on their activi... ...irst, apart from under... ...business, they would have to cease investment banking at the end of 1985.

This accords with the U.S. domestic split between commercial and investment banking, but the German banks are particularly affected because their "universal" banking operations include important stock market business. They maintain that the time limit goes against the normal "grandfathering" clauses in U.S. legislation which protect established operations.

Secondly, the German banks say, they would have to adhere to the one bank holding company Act in the U.S. This would mean that a bank domiciled in Germany would be prevented from establishing an affiliation in the U.S. and having a direct stake in a U.S. operation at the same time.

Thirdly, they argue, they would not be allowed to establish affiliations in more than one state without heavy restrictions.

Finally, foreign banks would generally have to participate in the U.S. deposit insurance scheme even though they are only in exceptional cases involved in U.S. domestic banking.

The German banks point out that U.S. banks operating in Germany are able to carry out all kinds of banking business, but as a result of the Bill foreign banks in the U.S. would be much more heavily restricted.

...TRIAN COMPANIES

...erlmooser reduces dividend ...s turnover declines 18.6%

...PAUL LENDVAI VIENNA, July 14.

...OOSER, the leading Aus... ...ement producer, is reduc... ...dividend for 1975 by 3 per ...o 9 per cent. on the ...m. (£11m.) capital. Turn... ...as down last year by 8.4 ...t. to Sch.1.44bn. and the ...ofit fell from Sch.44.8m. to Sch.33.8m. last year.

...tural changes in the ...g industry and export set... ...confronted the Austrian ...industry with very diffi... ...ks the Board stated.

...nooser reports a fall of ...er cent. in turnover. ...ies to domestic customers ... 2.66m. tonnes down by ...tonnes on the results for ...Exports reached in 1974 ...ime peak of 301,000 tonnes ...l to a mere 12,000 tonnes ...ar.

...stments were down to a ...f the record year of 1972 ...they reached Sch.353m. ...egard to the outlook for ...e Board does not reckon ...general upward trend in ...g investment. The Re... ...Institute for Economics ... an increase of construc... ...y 2 per cent. and thus ...s future developments in ...uilding industry as less ...ctory than they were in ...Overall sales of the Aus... ...cement industry dropped ...urther 7.6 per cent. in the ...e months of this year, the ...remarks.

* * *

...bacher, the Austrian ...al company, reports an ...se of turnover by 6 per ...o Sch.1.6bn. Despite the ...on the share of exports rose from 75 per cent. to 80 per cent. on the turnover. A dividend of 10 per cent. and an 8 per cent. bonus is announced on the Sch.140m. capital as against 13 per cent. on a smaller capital last year. The board stressed that dividends have trebled between 1972 and 1975.

This year two more subsidiary companies will be set up in Singapore and New York. A further capital increase by Sch. 20m. to Sch.160m. is planned. With regard to sales this year, the first quarter showed a 23 per cent. increase in turnover and the company hopes that this year group turnover will pass the Sch.3bn. mark.

* * *

Wienerberger, the Austrian building company, reports a turnover of Sch.1.0bn., 6 per cent. up on the 1974 results. Due to higher allocations to subsidiary companies there will be an unchanged dividend of 10 per cent. and a bonus of 1 per cent. (2 per cent. in 1974). Investment totalled only Sch.74.4m. as against Sch.206m. last year. Due to rising costs the board reckons with growing pressure on profit margins this year.

* * *

GAF, the Austrian motor company, reports a five per cent. increase in turnover to Sch. 1.27bn. last year. The order book jumped by 52 per cent. to Sch.176m. by the end of 1975. Net profit was Sch.1.5m. The company announces an unchanged dividend of 5 per cent. for 1975. Despite the recession on the domestic market for commercial vehicles the company managed to offset a considerable part of the fall in domestic orders through exports which doubled compared to 1974. The help of the Federal authorities through orders for special lorries and omnibuses also helped. During the first quarter of 1976 the company registered a brisker inflow of domestic and foreign orders.

* * *

Felten, the Austrian cable company, reports a fall of turnover from Sch.1.43bn. to Sch.1.29bn. last year. The order book at the end of 1975 was one of the lowest "in years." Nevertheless net profits lightly rose to Sch.21.87m. which allows the payment of an unchanged dividend of 7 per cent.

In the second of three articles on Norwegian companies **William Dullforce, Nordic Correspondent,** examines the Elkem-Spigerverkert Group, which is expanding its British steel interests.

Escaping Norway's high costs

MR. KARL LORCK, managing director of Norway's Elkem-Spigerverket group, has no doubt that his concern's future lies abroad. Some 60 per cent. of its sales already originate outside Norway but the construction of a mini steel mill at Manchester and Elkem-Spigerverket's co-operation with Alcoa (G.B.) in expanding aluminium converting plants in Britain and Holland illustrate the main line of group strategy.

The logic behind the Manchester steel project is obvious once Elkem-Spigerverket's domestic situation is examined. It is among the world yeaders in designing and supplying electric smelting furnaces but Norwegian demand for reinforcing steel is covered for some years to come by existing capacity. Steel scrap supplies are limited in Norway, more easily available in Manchester. Most significantly, payroll costs at the Manchester mill are currently 45-50 per cent. of comparable costs in Norway.

In Elkem-Spigerverket's 1975 report to shareholders diagrams illustrate how in four of the group's six divisions hourly wage costs in Norway have outstripped selling prices during the '70s. Two smaller divisions, mining and consumer products, include companies which it is probably impossible to run at a profit in the future. They are the victims of the cost pressures on Norwegian industry.

The group specialises in the production of ferro-alloys which made up some 35 per cent. of the Kr.2.5bn. (£250m.) turnover in 1975. It is one of the world's largest producers and exporters of ferro-alloys and electrode paste, with exports accounting for Kr.731m. of the four works' Kr.867m. (£86.7m.) turnover last year.

In this field Norway still offers advantages as a manufacturing base, principally in abundant cheap electric power. Rationalisation and modernisation can keep the Norwegian plants competitive and Elkem-Spigerverket will continue to be the main supplier to the West European steel industry, with which it has long-term contracts at favourable prices.

But the group has been waiting for years for the Government to determine future power policy and indicate the possibilities for expansion. Currently Elkem-Spigerverket is negotiating with the Icelandic Government on participation in a new $70m. ferro-silicon project, from which Union Carbide has just withdrawn. Earlier this year production started at an electrode paste factory in Brazil, in which Elkem-Spigerverket has a half share, and it has a 10 per cent. interest in a company planning to produce manganese alloys in Gabon.

Ferro-Alloys contributed the major part of group pre-tax profits of Kr.110m. (£11m.) last year, down from Kr.211m. in 1974, which was, however, an exceptionally good year. The return on capital employed dropped from 14 to 8 per cent., cash flow declined from Kr.291m. to Kr.183m. and shareholders received an unchanged dividend of Kr.6 per share, up from Kr.4 in 1973.

The weak steel and aluminium markets affected the 1975 result and demand for ferro-alloys, which held up well in the first months, also deteriorated after the summer. Capacity utilisation was cut to an average of 80 per cent. at the aluminium and ferro-alloy plants and, in order to maintain employment, stocks

Mr. Karl Lorck

of finished goods were built up, in some instances to the equivalent of four months' production.

Capital tied up in raw materials and finished products rose by Kr.105m. Cash in hand fell by Kr.29.3m. to Kr.172.7m. over the year and short-term receivables by Kr.73m. to Kr.455m., but group liquidity was still described as satisfactory.

The interim report for the first four months of 1976 showed earnings of Kr.15m., down by Kr.70m. from the corresponding period last year, but nevertheless rather better than expected. Aluminium demand and prices improved and it has been decided to start up in September at the Lista works the third pot room which has been ready for production since the beginning of the year. Consumption of ferro-alloys was also reported to be improving and the management expected an increase in prices during the second half of the year.

Foreign expansion, stock production and obligatory investments in pollution control have been pressing hard on group finance. Manchester steel took Kr.62m. (£6.2m.) for its first development phase and Elkem-Spigerverket has just announced the purchase of a wire and rod mill from Johnson and Firth Brown, which will cost over £4m. and lead to expansion of the steel mill.

On the aluminium side the group has a 25 per cent. interest in Alcoa (G.B.) which is building a new rolling mill at Swansea due to start up later this year (Alcoa has a 50 per cent. interest in the two Norwegian smelters). Last year Elkem-Spigerverket and Alcoa each acquired a further 15 per cent. in the Dutch company, Lips Aluminium, to give them 50 per cent. each. Environment-improving investments, mostly on the ferro-alloy side, are expected to reach Kr.100m. this year and to total some Kr.300m. over the next five years.

The group increased net borrowing by Kr.87m. in 1975. Already this year it has taken up a Swiss Franc 60m. loan, a $25m. multi-currency loan, a Kr. 70m. loan arranged by the Norwegian industrial bank for environment improvement and other loans in Switzerland and West Germany. Part of these have been used to convert earlier loans into longer-term borrowing.

Capital expenditure and borrowing of this size call for the generation of bigger profits than have been usual in Norwegian industry. Like other Norwegian concerns Elkem-Spigerverket has been trying to increase income by marketing its know-how through a separate engineering division. Some 325 Elkem furnaces, for instance, are in operation or under installation around the world and last year the division notched up a record volume of contracts worth Kr.216m. The division's operations are being complicated, however, by growing demands from buyers that sub-contractors from their own countries be employed.

Elkem-Spigerverket's long-term prospects of maintaining the profit level required depend on its dominating position in ferro-alloys and improvements in the aluminium and steel markets. In both the latter fields group strategy is to produce closer to the market in countries with more favourable cost structures than Norway.

Costain Australia issue

By James Forth

SYDNEY, July 14.

COSTAIN AUSTRALIA, the building, mining and development group which is 71 per cent. owned by Richard Costain of the U.K., plans to raise $A2.9m. through a one-for-four cash issue to shareholders, to finance the take-over of two related home building companies. The move fits Costain's objective to diversify within the overall contracting and construction industry. The shares will be issued at $A1.35 compared with the current market price of $A1.90. The issue is the first since floating to the public in 1972. Directors expect to pay a dividend of at least 9 cents a share on the higher capital compared with 8 cents in 1975.

Earnings rise at Westinghouse

WESTINGHOUSE ELECTRIC second quarter earnings per share rose to 62 cents (47 cents), Reuter reports from Pittsburg. Net income was $54.5m. ($41.6m.) from sales of $1.55bn. ($1.43bn.).

Owens Illinois forecast

OWENS-ILLINOIS said it expects new sales and earnings records in 1976 compared with the $87.3m. earned on sales of $2.27bn. in 1975, Reuter reports from Toledo, Ohio.

The company based its outlook on slowing inflation and a significant expansion of the Orange, Texas, linerboard mill to start up late this year or early in 1977. Also a new glass container plant near Syracuse, N.Y., will begin production in the first half of 1977.

EIB Y10bn. loan

THE EUROPEAN Investment Bank plans a Y10bn. 12-year bond issue on the Japanese market from July 27 to August 2, Nomura Securities said as leader of the underwriting syndicate, Reuter reports from Tokyo.

Terms will be fixed on July 22.

Prenatal talks break down

PRENATAL SA said in a statement that talks it was holding with a third party have been abandoned just as they were nearing conclusion. It did not name the third party.

Thyssen-Bornemisza shows 33% first-half profits rise

BY MICHAEL VAN OS AMSTERDAM, July 14.

THYSSEN-BORNEMISZA, the Monaco-based industrial holdings company, which has extensive interests in Europe and the U.S., said to-day that its consolidated net profits for the first half of this year had amounted to Fls.46.4m., representing an increase of 33 per cent. on the same period the year before. Sales had declined, however, to Fls.1.1bn. (Fls.1.3bn.).

Commenting on its (unaudited) results, the company's European head office, based in Amstelveen, said the increased profit was attributable to the progress of business in glass packaging in the U.S., the strong market position in Holand for agricultural machines and the improved sales of natural gas in Germany. The lower sales were attributed to the sale of its textile group in the U.S. to Hanson Trust at the end of last year and the development of deliveries in shipbuilding.

The statement added that a "satisfactory" development of overall profits was expected for the full year, having stated earlier this month that they would go up "at least 15 per cent." It added that its port-based activities and inland shipping have been showing a recovery, while Bremer Vulkan, a leading German shipyard, had an orderbook filled to mid-1978. But as far as Holland was concerned, the situation regarding ship repairs and steel construction was "unsatisfactory" as a result of "bad prices and fierce competition."

Thyssen-Bornemisza, whose legal seat is in Curacao, Dutch Antilles, said of its large U.S. subsidiary Indian Head that supplies to the car industry were shaping up well, whereas sales of building materials for medium-size projects were still under pressure. Indian Head's negotiations on the acquisition from the FMC corporation of its Peerless pump division were described as in an "advanced stage."

IBM data processing sales up

ARMONK, N.Y., July 14.

INTERNATIONAL Business Machines Corp. said purchases of its data processing equipment were higher than predicted in the second quarter and substantially greater than a year earlier.

The company to-day reported second quarter earnings of $592.8m. or $3.94 per share on revenues of $4.01bn., up from year-earlier earnings of $468.8m. or $3.14 per share on revenues of $3.45bn. a year before.

The revenues included sales of $1.46bn. compared with $1.03bn. and rentals and service gross income of $2.56bn. versus $2.47bn.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1989	102¾	103¼
Aquitaine 10pc 1985	104½	105
Bowater 9½pc 1985	99½	100¼
Caisse Ntl. Autorte. 9pc '86	99½	99¾
CNE 9¼pc 1985	100½	101½
ECS 9¾pc 1986	101½	102½
EIB 9¾pc 1983	103	103½
ERAP 9¾pc 1985	102¾	103¼
Esso 8pc 1986 Nov.	100¾	101¼
Eurofima 8¾pc 1983	100¼	101
Granges 9¾pc 1985	101¼	102¼
ISE Canada 9¾pc 1986	102¾	103½
Massey Ferguson 9¾pc 1991	102¾	103
Michelin 9¾pc 1986	101	101½
MODO 9¾pc 1983	101½	102¼
Ntl. Westminster 9pc 1986	99½	100
Norpipe 9¾pc 1985	101	101½
Norsk Hydro 9¾pc 1986	102	102½
Oslo 9pc 1988	100¾	101½
Pacific Light 9pc 1988	94½	95½
Prov. Quebec 9pc 1984	101¼	102
Sandvik 9¾pc 1985	100½	101
Scantaff 9¾pc 1985	100	100½
SFE 9pc 1983	101	101½
Shell 9pc 1986	100	100½
Stand. Oil (Ind.) 8¾pc 1988	103½	104
Svenska Handels 9¾pc 1986	101½	102¼
Volvo 9¾pc 1985	101½	102¼
NOTES		
Bank of Tokyo 8¾pc 1981	100¾	101¼
Barclays 9¾pc 1983	102½	103
British Gas 9pc 1981	100½	101¼
Charb. France 8¾pc 1981	99¾	100¼
Denmark Mt. Bk. 9pc 1983	101¼	102
ECS 8¾pc 1981	101½	102½
EEC 8¾pc 1982	97½	98
Electricity Council 8¾pc '81	99½	100¼
Montreal Urban 8¾pc 1981	97½	98
Nac. Financiera 10pc 1981	101½	102½
New Brunswick El. 9pc '83	101	101½
Seagram 9pc 1983	103	103½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	78	80
Ashland 5pc 1988	82	84
Beatrice Foods 4¼pc 1992	95½	97½
Beatrice Foods 4¼pc 1992	113½	115½
Borden 5pc 1992	97½	99½
Broadway Hale 4¼pc 1987	73½	77½
Canon Camera 7¼pc 1990	132	134
Carnation 4pc 1987	79½	81½
Chevron 5pc 1988	118	120
Dart 4¼pc 1987	79	81
Eastman Kodak 4¼pc 1988	117	119
Economic Labs. 4¼pc 1987	74	76
Fed. Dept. Stores 4¼pc '85	114	116
Firestone 5pc 1988	88	90
Ford 6pc 1986	97½	99½
Ford 5pc 1988	86½	88½
General Electric 4¼pc 1987	85	87
Gillette 4¼pc 1987	74	76
Gould 5pc 1987	100	102
Gulf and Western 5pc 1988	102½	104½
Harris 5pc 1992	99	101
Honeywell 6pc 1986	83	85
ITT 4½pc 1987	73	75
Komatsu 7¼pc 1990	105	106½
J. Ray McDermott 4¾pc '87	145½	147½
Mitsubishi Elec. 7¼pc 1991	105	106
Mitsui 7¼pc 1990	102½	103½
J. P. Morgan 4¾pc 1987	118	120
Nabisco 5¼pc 1986	92	94
Owens Illinois 4¼pc 1987	100½	102½
J. C. Penney 4¼pc 1987	78½	80½
Pioneer 6¾pc 1989	282	287
Raymond 8¾pc 1983	93½	98½
Revlon 4¾pc 1987	110½	112½
Reynolds Metals 5pc 1988	89	91
Sperry Rand 4¼pc 1987	103	105
Squibb 4¾pc 1987	77	79
Texaco 4¾pc 1988	73½	75½
Toshiba 6¼pc 1990	108	109½
Union Carbide 4¼pc 1982	117½	118½
Warner Lambert 4¾pc 1987	85½	87½
Warner Lambert 4¾pc 1988	80	82
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

APPOINTMENTS

New chairman at Group 4 Secur

Sir Ronald Howe has resigned as chairman of GROUP 4 TOTAL SECURITY and has been appointed honorary president of the company. The managing director, Mr. J. Philip-Sorensen, will take on the chairmanship of the Board in addition to his other duties. Sir Ronald, who became chairman in 1960, was previously Deputy Commissioner of the Metropolitan Police.

*

Sir Andrew Carnwath has suceeded Sir William Carrington as charman of the Advisory Panel which advises the Chancellor of the Exchequer on the administration of Section 482 of the Income and Corporation Taxes Act 1970 (Migration of Companies). Sir Andrew has been deputy chairman since 1965. Mr. Eric C. Meade, a senior partner in Deloitte and Co., has accepted the Chancellor's invitation to become a member of the Panel, which will now consist of: Sir Andrew Carnwath (chairman); Mr. Hubert Monroe; Sir Arthur Driver; and Mr. Eric C. Meade.

*

Mr. G. V. K. Burton has been appointed to the Board of THOMAS TILLING as a non-executive director. Mr. Burton is chairman of Fisons and a director of Barclays Bank (International). Sir Richard Cave has retired from the Tilling Board prior to taking up his appointment as chairman of Thorn Electrical Industries.

*

Mr. Henry Excell has been appointed general manager (administration) of NATIONAL WESTMINSTER BANK'S international banking division, following the death of Mr. Clifford S. Jones. Mr. Excell was previously divisional treasurer. Mr. Eric Carter, previously head of international finance and development, becomes general manager (marketing and finance) of the division.

*

Mr. P. B. Arthur, a director of the Bolton Steam Shipping Company, has become deputy chairman of Lloyd's Register of Shipping and chairman of its subcommittees of classification in sucession to Mr. R. M. Turnbull, who is retiring after 25 years with the Register.

*

Mr. R. J. Cattle, who has been appointed managing director of CLARKE CHAPMAN'S marine and transporter division, was until recently managing director of Herbert Machine Tools.

*

Mr. T. G. Edmondson has been appointed sales director of WEIR FOUNDRIES (EXPORT SALES). Mr. Edmondson joins the company from Peabody Holmes. He has been associated with its export activities in Western and Eastern Europe, Scandinavia and the U.S. since 1963.

*

GKN STEELSTOCK has appointed two new product group directors. They are Mr. John Price, who takes over the flat rolled products group, and Mr. Ted Evans, who becomes responsible for general steels. These appointments follow an organisational adjustment of Board members' responsibilities. Mr. J. D. W. Field remains chairman, and Mr. Norman Richards managing director. Mr. T. R. Baxter-Wright, previously product group director, general steels, becomes marketing and sales director; Mr. W. R. Dean continues as finance and administration director; Mr. J. C. Wells, previously commercial director, flat rolled products, becomes purchasing director.

*

Mr. R. J. Moore has been appointed to the Board of MATHER AND PLATT.

*

Mr. G. W. Cockbill has been appointed technical director and Mr. S. G. Plant commercial director of J. FRANKEL (ALUMINIUM).

*

Mr. J. N. G. Moreton has been appointed managing director of GODSELL AND CO., international money brokers. Mr. David L. Hagan, the former managing director, continues as chairman.

*

Mr. P. J. Evans has been appointed a director of R. P. MARTIN DEPOSITS.

*

Mr. G. R. Herrick has retired from the chairmanship of JOHN BEALES ASSOCIATED COMPANIES and Mr. Gordon H. Bignall, deputy chairman, has been appointed in his place. Mr. Bignall and Mr. R. G. Littlefair continue as joint managing directors.

*

Mr. P. J. Cusk, who has been appointed joint managing director of BLACK ARROW GROUP, joined the company in 1975. Mr. Cusk previously spent eight years in the U.S. as finance director of the Familian Corporation of Los Angeles.

*

Dr. Ivor Kirman has been appointed director of the research and technical development laboratory at INTERNATIONAL NICKEL'S European Research and Development Centre, Birmingham. He succeeds Dr. R. B. Nicholson, who has become the company's managing director. Dr. Kirman joined International Nickel in 1971 as an investigator at the Birmingham laboratory. He was appointed senior technologist in the materials research group in 1972 and later the same year became manager, materials research.

*

Sir Eugene Melville, director-general of the British Property Federation, has been appointed honorary treasurer to the BRITISH SAILORS' SOCIETY in succession to Major-General H. M. Liardet.

*

Dr. Anthony Kelly, Vice-Chancellor of the University of Surrey, has been appointed by the Department of Industry as next chairman of its ENGINEERING MATERIALS REQUIREMENTS BOARD and will take up his appointment on October 1. He succeeds Mr. Rupert Crane, a director of Imperial Metal Industries, who has completed his term of office as first chairman. Mr. Crane became chairman in December 1972, when the Board was set up.

*

Mr. John C. Page has joined the Board of ORIEL FOODS. Mr. Page is chief executive of Snowking, the Group's frozen food division.

*

Mr. Jack Joseph has resigned as vice-president of Samson Ocean Systems (U.K.) and has joined the Board of SEAFAST as managing director.

*

Mr. Bjorn C. W. Jonker has been appointed chief executive for Europe, LONDON AND CONTINENTAL BANKERS.

*

Mr. James A. Fowler has been appointed director of sales and marketing, ROUND OAK STEEL WORKS. Mr. Fowler was previously commercial director of Tubes.

*

The following appointments have been made in HAWKER SIDDELEY companies operating outside the U.K. Mr. M. D. Clark becomes director and general manager of R. A. Lister New Zealand. Mr. R. A. Lister has been appointed a director of Witte Engine Corporation, Olathe, Kansas, U.S., and Mr. W. B. Irvine has joined the Board of R. A. Lister Canada. The Board of Hawker Siddeley Diesels and Electrics, Canada, has been reconstituted as follows: Mr. F. H. Wood, chairman, Mr. A. L. Sutton, director and general manager, and Mr. J. H. Ready, secretary. At the same time, within the U.K., Mr. P. Brett has been appointed commercial director and Mr. T. J. Randfield, production director of Hawker Siddeley Engineering.

*

Mr. John Kinder ha[s] ... deputy chairman of C... TRIALS.

*

Mr. R. Salmond ... appointed production di... the three manufacturing ... BARTON ABRASIVES.

*

The Minister of State ... tion and Science, M... Fowler, has appointed ... Edge MP, to be his Parl... Private Secretary.

*

Mr. E. N. T. Smith ... appointed chairman o... FOOD PRODUCTS in ... his position as managin... of the company, which ... sidiary of General Mill...

*

Mr. Ian G. Fletcher ... appointed sales and ... director of LLOYDS IN... the U.K. trading memb... Holt Lloyd Internationa... group.

*

Mr. William Ritchie ... appointed chairman of ... AND JOHNSON, follo... resignation of Mr. ... Levy, who remains on ... in a non-executive cap... Ritchie is a director ... parent company, ... Finance.

*

Mr. A. D. R. Owen ... appointed a director ... COLLINS.

*

Mr. L. R. Seymour wi... ing from HOARE GO... August 12.

هكذا صدر الأصل

BOOKS

...our face of ...ccess BY C. P. SNOW

...worthy by Catharine ...llins, £5.95, 314 pages

... Plays by John ...y, with an introduc- ...ic Gillett. Duckworth.

... the first world war, Galsworthy was in ...ifties, he was given ...ccess on a scale ...ht make — and did ...r writers livid with ...had already had con- ...opular success with ...of *Property* back in ...number of plays and was well off anyway, also earning a large ...ome. ...ess, that was minis- ...red with what hap- ...n he published two ...to *The Man of* ...*To Let* and *In* ... The three together ...ssued as *The Forsyte* ...hin months he had ...public all over the ...orld. And it wasn't ...and devoted readers ...d won, but also the ...pect which brings the ...wards. Inside a few ...M. arrived, and then ...prize. ...was too good to last. ...soon as this gigantic ...as accumulating, so ...denigration. No one ...ll this, other writers ...a literary fortune. ...e: Galsworthy was ...anyhow, not even ...people were eagerly ... Before he died, in ...e age of 62, he was ...ritten off in a good ...don literary circles. ...never be heard of ...y said. In fact, for ...n, both his reputation ...sank even more com- ...an those of most ...the dismissal which ...ath. However, as we ..., there was to be a ...onic trick of fate: ...*Forsyte Saga* turned ... God's own gift to ...and Galsworthy was ...sed, in his modest ...e fashion, to another ...world fame.

Mrs. Catharine Dupré, in this interesting and sympathetic biography, thinks that this critical neglect or repudiation made Galsworthy more than normally unhappy. And further, for Mrs. Dupré is positive in her opinions, he was unhappy because he knew that there was something in what was said against him. He hadn't made the most of his talent, he hadn't gone as deep as a serious writer should, he had accepted convention and sacrificed his art.

Well, nearly all writers, unless they are megalomaniacs, often blame themselves for not making the most of their talent. Nearly all commercially successful writers hanker after critical hosannas given to others. It makes some very miserable, as it did, for example, O'Hara and Steinbeck. And it is true that Galsworthy, in spite of generous good nature and a high code of stoical behaviour, did not enjoy a happy life. But there were other than literary reasons for that, as Mrs. Dupré with another stab of incisiveness herself points out. Ada, his wife, the original of Irene, the figure of incarnate Beauty and one of the most tiresome women characters in fiction, was enough to make any man unhappy. He loved her devotedly, and even if he hadn't, was too gentle and lacking in ego not to sacrifice far too much for her.

It is worth remembering also that the writing life has its inbuilt dissatisfactions. Just as the commercially successful hanker after the critical rapture, so those who receive the critical rapture hanker after the commercial success. Just imagine how Ford Madox Ford or Conrad must have regarded Galsworthy's (incidentally, Conrad and Galsworthy maintained a friendship which did great credit to both). It is hard to decide on which side the envy is more acute. Very rarely, a writer manages to achieve major commercial success and major critical reverence in his own lifetime. One such was Hemingway. As he made shatteringly clear, it didn't keep him from killing himself.

John Galsworthy: "decent liberal feeling"

It is now beginning to be clear that Galsworthy was for years stupidly undervalued. He wasn't a great writer, but he was a very good one. And he may be remembered when some greater writers have faded right out. This for two reasons. Partly by luck and circumstance, partly by intuition, he used his talent on a social group which hit the imagination of the world. Either the Forsytes were significant, or at any rate they seemed so. It is a very great feat to discover a significant social group and remarkably few writers ever manage it.

To begin with, Galsworthy thought he was satirising them. He wasn't. He was commemorating them. Thus an emerging upper middle class—emerging, and that was the real discovery, even though their tenure was to be short—is preserved in his books, and somehow enjoyed in societies which have never known such a group at all. It is an interesting point that Galsworthy has never ceased to be popular in Russia.

The second plinth of his achievement is his fine architectonic sense. This is a gift constantly uncomprehended by a great deal of modish opinion but in a quiet way it underlies some great masterpieces and a large amount of high popular literature (compare C. S. Forester and Wodehouse).

It is essential to one whole genre of playwriting—not the mood playwriting which has just had 20 years of vogue, but the playwriting which is hardy enough to work anywhere. To my mind, if we forget *The Man of Property*, Galsworthy's best plays are better than the novels. They are didactic, the message obtrudes more than would be tolerable in a novel. But the architecture is so strong that they survive all their defects. In this collection of 10 of his plays, with a spirited introduction by Eric Gillett, one can get some idea of their quality, though, of course, they ought to be seen on the stage. They are remarkably effective, too, on TV. It is a reasonable bet that *Loyalties* and *Justice* will be played for a long time ahead—at least as long as people are interested in a last phase of liberal feeling, firm spirited, decent as Galsworthy was decent, still borne up by the residue of 19th century confidence.

...nding fences BY ISABEL QUIGLY

...ries by Uwe Johnson. ...d by Leila Vennewitz. ...and: Warburg, £4.90. ...s

...Spring by Julian Fane. Hamilton, £3.95, 217

...Dream by Emma Ten- ...llancz, £3.95, 190 pages

...*saries* is the enormously long first volume of what is clearly to be a massive novel when the second volume completes it. Weighty without heaviness, detailed without prolixity, it ranges over forty years, two continents, three countries and a number of political and social regimes, marrying the public and private life of the people in it with immense skill and very gradually building up a picture of attitudes, outlooks and feelings at all sorts of levels of intensity and consciousness.

Gesine Cresspahl was conceived in the thirties in Richmond, Surrey, where her German parents were then living, but was born in Germany after her mother's unexplained last-minute flight home. Throughout the book, which is mostly in the form of a kind of diary or notebook covering a few months of 1967 and 1968, she and the narrative hark back to the days of her parents' early life together, her own childhood, the Nazi public life around them, its aftermath in the fifties and sixties, her attitude to German Jews both retrospectively and in the present (Uncle Horst was a fanatical early Nazi), and her present attitude to American ideas and behaviour, particularly in connection with the war in Vietnam.

Through it all, the New York Times becomes guide, philosopher and honorary aunt to Gesine and her daughter Marie, whose liberalism is tempered (they themselves fear) by the demands of everyday life—private schooling, for instance, expensively and sometimes painfully shielding Marie from some of the rigours of New York life. The style is as fluid as most people's mental activity—news, views, reminiscence, feeling, past present, varying distances of memory, current happenings in the late sixties, tape recordings, impressions, flashes of perception, a collage of dialogue, current or past, all brought together in a way that makes for richness rather than confusion, an ordered chaos that reflects the chaotic disorder of the events it deals with.

The American translation reads extremely well, the dialogue, in particular, having just the right pinch of strangeness to make its point about Gesine's eternal outsideness in her new life, home and continent.

"Riding, especially to hounds, never meant much to me, except in a negative sense. But hunting and being hunted, generally speaking, are the chief preoccupation of life." So says the narrator in the first story of Julian Fane's group of ten stories called, after one of them, *Hounds of Spring*: nine short ones and a novella, "Familiar landscape with ponies"; and in a sense it goes for the rest of the stories, which are often concerned with pursuit, escape, capture, violation, privacy, invasion. A virgin is raped just before her wedding; a man discovers his sexual horror of a woman romantically liked at a distance; husband, wife and mistress argue over possession of one another, of time spent together, of Christmasses *en famille* or not; a seven-year-old boy keeps a bird captive, kills it with kindness and thinks it died of love.

Admirers of Julian Fane's *Morning*, an extraordinary evocation of childhood, will recognise, in the novella particularly, the tender use of the eyes and ears of childhood in a boy conventional, loving, anxious to please his kind and understanding elders but not quite as orthodox as he and they would wish.

The *Hotel de Dream* of the title is a Kensington boarding house whose inmates live out their private fantasies in rooms with walls thin enough to allow their talk to seep through to the neighbours; and by a sort of psychic osmosis, these dreams become part of one another. Mr. Poynter's dream city merges with Miss Scranton's Amazons, the characters from Mrs. Houghton's current novel (Johnny and Melinda) find themselves involved in the royalist fantasies of Miss Briggs, and Cridge, the male maid-of-all-work in the basement, becomes part of his employer's nostalgia for a childhood that never was, the one-time butler in a non-existent stately home. Emma Tennant's fantasy of private myth and ritual gives her scope for literary parody and straight-faced verbal high jinks, for a mingling of the world we live in most of the time and the lower levels of perception on which we dream and feel. But the extension of that world into something non-subjective (as when the fictional characters take on a life of their own) makes for a different sort of fantasy that doesn't really match the purely subjective dreams.

Julian Fane: "hunting and being hunted"

ECONOMIC INDICATORS

	1976 June	1976 May	1976 Apr.	1975 June	1975 May
...ed ('000)	1,332.6	1,271.8	1,281.1	869.8	850.3
...acancies ('000)	127.1	124.4	119.7	162.1	164.1
...reserves ($bn.)	5.312	5.423	4.848	6.198	6.491
...ances (£bn.)b	14.466	14.309	14.196	13.646	n.a.
...erials (1970=100)...	297	290.6	285.2	227.7	226.2
...rods. (1970=100) ...	217	214.8	211.5	189	187.3
...trade (1970=100)...	79.9	79.6	80.2	81.4	80.1

	1976 May	1976 Apr.	1976 Mar.	1975 May	1975 Apr.
...es (July, 1972=100)	209.3	208.0	206.7	175.4	169.1
...ces (Jan., 1974=100)	155.2	153.5	150.6	134.5	129.1
...es val. (1970=100)**	192.1	195.3	188.3	165.9	184.4
...(£m.)¶	2,356	2,320	2,297	2,284	2,290
...output (1970=100)	103.1	102.1	101.1	99.1	99.1

	1976 June	1976 May	1976 Jan.-June	1975 June	1975 Jan.-June
...d Industry					
...o.b. (£bn.)	2.403	2.355	2.147	1.729	1.736
...o.b. (£bn.)	2.043	2.014	1.907	1.484	1.512
...rade balance (£bn.)	−0.360	−0.341	−0.239	−0.245	−0.224

	May	Apr.	Jan.-May	May	Jan.-May
...0s)*	122	104	116	68	112
...ial vehicles ('000s)*	32.4	29.8	31.5	30.0	35.0
...eekly average ('000 ...)	456.3	461.8	444.3	336.3	443.1
...ompleted ('000)¶ ...	26.0	28.2	25.3	26.1	23.8
...nillions)*	445	467	453	421	416
...weekly average ('000 ...)*	355	303	305	365	324
...('000s)‡‡	193	168	183	152	221
...radiograms ('000s)††	229	217	310	384	386
...e (1970=100)†** ...	158	148	157.6	155	152

	Apr.	Mar.	Jan.-Apr.	Apr.	Jan.-Apr.
...(1970=100)**	88	81	85	95	93
...e fibres (m. kgs.)* ...	53.1	54.1	53.2	45.1	44.3
...m (m. tonnes)†	7.052	7.970	7.392	7.575	7.62
...cookers (000's) f† ...	74.1	70.4	73.6	79.1	77.8
...machines (000's)† ...	65	74.7	76.5	118.2	94.9

	Mar.	Feb.	Jan.-Mar.	Mar.	Jan.-Mar.
...ton, weekly average ...metric tonnes)§	2.23	2.37	2.33	1.96	1.97
...ols (m. kilos)	11.4	9.6	10.0	9.3	9.1
...ring, orders on hand ...=100)**	94	96	95	119	112

	Feb.	Jan.	Jan.-Feb.	Feb.	Jan.-Feb.
...tools (£m.)†	27.8	27.2	27.5	27.2	24.7

	1976 1st qtr.	1975 4th qtr.	1975 1st qtr.	1975 Year	1974 Year
...er spending (£bn. ...values)	8,870g	8,804	9,041	35,413	35,607
...rade turnover (1972= ...)	165	133	137	142.2	119.2
...g and civil engineering ...)c	3.018g	2.998	2.644	11.610	10.220

...ction. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally ...d. †† All manufacturing industries. ‖ Excluding car radios. ...eries, U.K. made and imported sets. b From May, 1975 ...s new basis of calculation refers to advances to U.K. public ...ivate sector. Historic figures on new basis not available. ...s. f Including cooker griller toasters. c Value of output. ...ed Kingdom not seasonally adjusted. g First preliminary ...e. p Provisional figures.

Marathon run in time BY ROBIN LANE FOX

A History of Christianity by Paul Johnson. Weidenfeld and Nicolson, £7.00. 556 pages

In the 10th century you would have found the clergy minding chickens, manning walls, reaping crops and running lives which were otherwise lived in a world of weak authority. Then came Pope Gregory VII. Through his insistence, the Church was finally split off from the state and set on the path of a separate profession. The separation left those inside and outside with a narrower field. They became masters, not merely men of competence. The clergy had the time in which to legislate and poured out laws, like the specialists of modern parliaments. The bright minds who stayed outside the Church took Europe into the delightful world of the 12th century. Pope Gregory's reform is a historical change at the root of European history.

Paul Johnson writes warmly, perhaps too warmly, about the world before Pope Gregory, yet he himself is proof of what such a separation can touch off. In the late 1960s you would have found him editing the holy columns of the New Statesman, writing briskly but fussing, one presumes, over print, complaints and overdue copy. Since 1970 he has lived through a Gregorian reform and has now produced three long historical books in the surge of six years' undistracted writing. He has become, quite suddenly, the historical author with the widest range in Britain. It would be pleasant to see him in charge of some modern University, applying his energy and new scope to the maintenance of standards and the training of citizens with a historical sense.

His history of Christianity is most notable as an achievement. Like some marathon medallist in this Olympic year, he has run an immense course and survived thick clouds of witnesses. I think his stamina admirable, his performance rather extraordinary. Between two covers he weaves an analytic narrative from St. Luke to Pope John, from Greek-speaking Judaism to the modern welfare state. Is the achievement worth reading once you have paid your respects by buying it?

Naturally, this is not, at the highest level, an important or authoritative book, not in the way that the superb volumes of the paperback Pelican history of the Church add up to essential reading for any Christian historian. Paul Johnson aims to summarise recent scholarly perspectives. At times, especially in the minefield of the early centuries, he misses the important study and swallows the second-rate. But he is usually sensible. He does not think the Christians should have freed all the Romans' slaves or made the rich young men give everything away. He is usually hesitant about links between the "capitalist spirit" and the rise of Protestantism. He writes with a just proportion of bleakness and understanding about the attitude of the Churches in Europe to Nazism and the war: what else could a wicked world, negligent of the Church, have expected? His old flair as a journalist does not desert him in implying a retort. The liberal-radical fringe attracts him, from Pelagius to Erasmus to Locke to Pope John: less so, St. Augustine, whom he treats poorly. He is not always easy reading and favours those abstract "-isms" and papo-secular "acy"'s which have afflicted other Church histories before his.

What of his standards of relevance? Usually, he stays on safe and slightly stodgy ground. His themes are the relationship of clergy and layman, of Church and state: was the Christian in the world or against it, prophet, improver or the people's triumphal leader? Is the bishop the only source of spiritual power? Christian mysticism, art, music and liturgy receive far less space, if any. Christianity east of Jerusalem is almost entirely neglected, which is regrettable in the earlier centuries. Icons, relics, saints and Byzantium are also not in the mainstream. But he has a go at the almost chosen peoples in a galloping chapter on missionary work.

Does the universal historian gain a general point of view which brings others' topics into new perspectives? I used to think so, but a subject like Christianity needs more than a pleasantly liberal bias and a comparative study of the Christian surfaces of the second and the 20th-century. Paul Johnson concludes that Christianity has given us our sense of conscience, itself a defence against tyranny. Hence freedom has ultimately only derived from Christian societies: Those alert to the pre-Christian world will hedge that about with 'ifs' and 'buts,' and much depends on which Christian age one examines: freedom got off to a slow start. More importantly, the Christian groups of later ages tend to be paralleled in this book with elements in the early Church. Pelagius, quite aptly, is mentioned beside the evangelisation of America; Montanism (which is misunderstood, unfortunately, even beyond the views of Professor's Frend and Cohen) is invoked for Man, Alexander the False Prophet, Wesleyans and much else with which it does not belong.

It is not enough to call Constantine a "weird megalomaniac," St. Ambrose a "superstitious and credulous man with a weird cosmology" or to sum up Julian as a man who "made the error of identifying religious truth with military victory." "Nor can the Roman world at the time of Christ be presented merely as "waiting for monotheism," that favourite dummy sold to us by the Church. The rise of Christianity has a social context which is crucial, though ignored here, in chapters which tend towards yet another history of dogma. One does not only miss the social mobility of the late Roman imperial bureaucracy or the vigorous Christian activity of Theodosius's Spaniards as forces in the spreading of Christian belief. As Christian art suggests so vividly, Christian imaginations and roles were defined, even in the most extreme groups, by a social background which changed and varied to a degree which gives a history of Christianity its true phases and periods. I miss any sense of this here.

As for the details, on which an encyclopaedic book must lean, many are far beyond my range, and even within our shared scope Paul Johnson wins at least a silver steeplechase medal. Error, too, is as endemic in books as it is said to be in non-Catholic man, yet I still note some surprisingly false notes, from the place of Emperor worship to the mental horizons of Augustine. These make me read warily, waiting for the next peculiarity, and taking nothing on trust. As a liberal protestant's general view this book has a spirited movement. No doubt it will be even more accurate when it comes out in paperback, purged, too of the many misprinted proper names, with which the publishers have sadly swamped it.

Capital attack

BY ANTONY FLEW

Late Capitalism by Ernest Mandel. New Left Books. £9.50, 599 pages

Ernest Mandel's *Late Capitalism* is a revised version of work first published in German in 1972. The publishers say that it constitutes "the only systematic attempt so far ever made to combine the general theory of the laws of motion' of the capitalist mode of production with the concrete history of capitalism in the twentieth century." Another more particular selling point is that Mandel claims to derive from his Marxism conclusions about long-waves of expansion; the latest of which ended in 1972, "ushering in a long-wave of economic stagnation and intensified class struggle." If Mandel will now specify how much growth, when, and where would be incompatible with his hypothesis; then this Marxism acquires the indispensable Popperian scientific merit of falsifiability.

Here is scarcely the place in which to challenge such a fundamental as the metaphysical concept of an economic value logically independent of any notion of price, or to intrude upon domestic disputes whether science is or is not "a force of production." So my first objection is that this book makes almost no reference to that large part of the world which is already, in the traditional Clause IV sense, socialist. Thus, typically, in a chapter on "The Permanent Arms Economy" Mandel tells us that this is "one of the hallmarks of late capitalism, which must be explained by the social and economic development of this mode of production itself."

The author makes no reference whatsoever to the constantly rising military expenditures of the USSR and its satellites, to which the U.S. and NATO armaments are in fact the ever less adequate response of self-defence. Again, in all Mandel's innumerable references to "the imperialist states" the examples given are always states which either never had, or since World War II have ceased to have, empires; while never once is there any mention of that of "the New Tsars," which alone has been in this period not merely maintained but hugely extended.

Such a partisan approach vitiates Mandel's entire theoretical enterprise. For what Marx offered was an account of the supposed "laws of motion" of capitalism, from which account we can supposedly infer that and how capitalism must or will be transformed into something else; and, roughly, what. Now, if and in so far as either the manner or the matter of that transformation has not been according to plan, then those wanting to be both social scientists and Marxists have to ask themselves whether the original inferences from the theory were invalid and/or whether the theory itself needs to be revised or extended.

Presumably Mandel, as Trotskyist, agrees that the actual socialist countries are in important ways not what Marx (or Mandel) promised. But then, again as a Trotskyist, Mandel is not prepared for any really radical review of the whole October adventure. It was after all an adventure in which for several years Lenin and Trotsky shared; but which in all fundamental respects shaped the USSR as it became later under Stalin, and is to-day.

The same uncritical and devout spirit appears also in matters of relative detail. Despite, for instance, Heath's Phase III and its aftermath, Mandel asserts "that a bourgeois state is fully capable of planning and controlling . . wage increases, but is incapable of keeping a similar rein on . . . the income of . . . capitalists and capitalist enterprises." Mandel too insists always on calling all big private corporations monopolies; even when he is himself arguing, against Galbraith, that this is largely untrue.

Still Mandel does at least in so many words spare us that cretinous commonplace of Labour Party Conferences: the contention that, because some industry is allegedly dominated by several (and hence no) monopolies; therefore it must be nationalised (and so become an all too true monopoly).

Late Capitalism is fat, and full of citations supporting disputatious claims. So there ought to have been an index; and NLB should have insisted that, in his references, Mandel supply the names of publishers, as well as dates and places of publication.

Family life

BY SARAH PRESTON

The Making of the Modern Family by Edward Shorter. Collins, £4.50. 369 pages

Professor Shorter of the University of Toronto takes us from the 16th century household in which family life was open to the community at large to the modern, close-knit family unit of parents and children alone with their television set. He looks at the way marriage and sex have been regarded, changing patterns of maternal care and affection, the rise of romance and the rise of domesticity.

The Professor's method is to examine minutely scores of records throughout the ages, whether those kept by parish churches or country doctors or Government departments. He is particularly well versed in French country customs though his erudition takes in Austria, Germany, England, Eastern Europe and Scandinavia.

Sometimes the fascinating accounts of courting practices, bedding customs, breast-feeding, swaddling and baby-farming are so detailed that one wonders whether it is possible to draw any general conclusion from them, but Professor Shorter has an engaging way of making plausible suggestions. His main thesis is unexceptional: economic factors, rather than the dawn of enlightenment led to closer relationships between husbands and wives and better mothering.

Dedicated German BY ALAN HODGE

Treason Was No Crime: Ludwig Beck. By Nicholas Reynolds. William Kimber, £5.95. 317 pages

General Beck was one of the leaders of the conspiracy of German officers who tried to assassinate Hitler on July 20, 1944, at his field headquarters, Wolf's Lair, in East Prussia. Beck was to be appointed Chancellor of Germany and make peace with the Allies. Briefly in Berlin he acted as if he were so. Stauffenberg's bomb had exploded and Hitler for some hours was believed to be dead. But the conference had taken place in a wooden shed, not a concrete bunker, so that the explosion was diffused, and Hitler was protected by the large map table over which he was leaning. Hitler broadcast to the nation that night upon his survival. Several of the conspirators meanwhile shot themselves; Beck did not quite succeed and had to be finished off by a non-commissioned officer.

Ludwig Beck had been Chief of German Staff during the first five years of Nazi rule, and was responsible for much of the re-building of the German army. He was retired in the military purge of 1938 before the new army proved its worth in the opening campaigns of 1939-42. Conspiracy followed when defeat began to loom in 1943-4.

Beck came of a traditionalist Rhine family, devoted to the German Empire and to Prussian hegemony. He served throughout the First World War, mainly on the Western Front and under Crown Prince Wilhelm. His devotion to the Hohenzollerns allowed him to overlook the Crown Prince's personal defects and admire his generous qualities.

Throughout the Republic, Beck remained in the service of the German Army but he was distressed by the long years that elapsed before the Rhineland and Ruhr could be regained, and by the delay in the prospect of other acquisitions to the east and the south. Not by nature a Nazi, he began to feel in the early 1930s that Hitler might secure the regeneration of Germany and that the Fuhrer shared some of the conservative views he himself naturally professed. When Hitler became Chancellor in January 1933, Beck wrote hopefully: "I have wished for years for the political revolution and now my wishes have come true. It is the first ray of hope since 1918."

By 1939, the pace of events under Hitler had changed his views. The occupation of Austria and Czechoslovakia, and the defeat of Poland and France were not unwelcome to him. But he thought that Hitler was taking too many risks and going too fast. He foresaw conflict with Russia and, eventually, with the United States, and had sound military reasons for arguing in the early 1940s that the Second World War, like the First, would end in defeat.

Mr. Nicholas Reynolds, an American scholar, has written a sympathetic and detailed account of General Beck's work for the German Army between 1914 and 1938 and of his motives in his later conspiracy. "He did not simply continue the work he had begun on the General Staff when he turned against Hitler; he sought rather to make amends for it," Mr. Reynolds writes. "If there is a tragedy of General Beck, it lies in that combination of dedication and failure."

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Higher earnings boost stocks again

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 14.

DESPITE a softening in some of the Blue Chips the stock market edged mostly higher following a flow of bullish corporate earning statements for the second quarter. After opening on a weak note, the market moved ahead after IBM reported a 27 per cent. second quarter profits increase.

Industry analysts said the large increase in IBM's per share net—$3.94 against $3.14 previously—was generally in line with Wall Street estimates. But others said the results were better than expected, which accounted for part of the market's overall firmness.

The New York Stock Exchange Common Stock Index rose $0.13 to $56.61, while advances topped declines, 859 to 557. But the Dow Jones Industrial Average slipped $0.90 to 1,005.16. Turnover amounted to 23.84m. shares against Tuesday's 27.44m. The Transport Index rose $1.62 to $231.27 and Stocks advanced $0.69 to 315.43. Utilities put on $0.52 at $90.91.

IBM added ¾ to $278½, while RCA Corp., which also posted higher earnings, picked up ¼ to $30.

Other stocks responding to improved earnings included North American Philips up $1¼ to $30½, Boise Cascade $1¾ higher at $27½, Colt Industries $2 higher at $52½, E-Systems Inc. ahead $2½ to $41, CBS Inc. up ¾ to $60½, and Westinghouse ¼ better at $16¾.

Motors were fractionally mixed despite more than a 14 per cent. gain in the industry's early July car sales.

Heavily-traded Rucker Company gained $1¾ to $23. The company said it had no explanation for the rise in its stock and expected to release second quarter results in a week.

However, International Paper sagged $2½ to $71¾. It said it planned to offer 2,250,000 common shares early next month. Buffalo Forge, which came in with lower earnings, fell ⅞ to $24. Chemicals and Oils were mixed.

Prices on the American Stock Exchange were mixed on moderate volume. The Amex index rose 0.11 to 107.05, but declines edged advances, 301 to 294. Turnover amounted to 2.53 shares against 2.61m. on Tuesday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Polaroid	324,400	41½	+⅛
CNA Financial	274,200	7½	—
Reserve Oil	262,400	13⅝	+1⅛
Walter Jim	256,300	33½	+¼
General Motors	251,700	69½	+¼
Chrysler	249,400	20¼	+⅛
Kresge SS	236,100	37½	—
RCA Corpn.	213,800	29½	+¼
Amer. Airlines	212,500	15⅛	—⅛
Amer. Home Prods.	211,300	35½	+¼

Canada higher

From a mixed beginning, Canadian stocks put in a gradually rising performance with moderate volume to close broadly higher on the Toronto Stock Exchange, where the Industrial Index closed 0.69 higher at 189.85. Western Oils put on 0.34 to end at 220.57. Golds rose 3.16 to 275.23 and advances topped declines 211 to 174.

In Montreal, Banks ran against the trend, losing 1.78 by the close to 236.15.

The Industrial Index rose a point to 200.10 with Blue Chips showing mostly fractional rises.

OTHER MARKETS

PARIS — All French markets were closed on July 14 for Bastille Day.

AMSTERDAM — Shares eased generally in quiet trading, partly as a result of the lower trend on Wall Street with Dutch Internationals mixed. Shipping, Plantations, Industrials, Tradings and most Insurances fell, although most Banks rose.

Fokker firmed Fl.3.30 on the news that the company had signed a production agreement with General Dynamics Corp for the F-16 fighter. State loans eased.

Akzo, Bijenkot and Heineken were all weaker. KLM lost Fl.2.4 to Fl.115.4. Yet Slavenburg's Bank again rose by Fl.6 to Fl.244.

BRUSSELS — The market was sharply lower reacting to recent rises, but volume was lower and price movements generally smaller than in the past few days. Vieille Montagne was the only local issue to rise, while Sidro, Cobepa, Traction Elect, Union Miniere, Cockerill, GB-Inno-BM and Tabacofina fell. Clabecq dropped B.Frs.270 on profit-taking. In Oils, Petrofina fell, while Canadian Petrofina was steady.

FRANKFURT—Prices closed mixed to lower after thin trading initially. Neckermann rose DM2.30 to DM95.5 while Karstadt fell DM1.20. BBC fell DM2 and was the only exception in leading Chemical, Bank and Electrical shares which mostly fell less than a Mark.

Motors were mixed with BMW up DM1 to DM239 and Daimler down DM2.80 to DM242.5. Gelsenberg, which said it will not be able to pay parent company Veba a dividend for 1976, rose 40 Pfennigs. Krupp rose DM3 to DM118 and Metalgesellschaft put on DM4 to DM243. Another firm share was Munich Ruckversicher which rose DM8. On the Bond market, conditions improved and two to five year issues were in demand. The new Government Loan was quoted at par, ½ per cent. above issued price.

ZURICH—The market was irregular in quieter trading. Swissair Bearer fell Frs.11 to Frs.580. Banks were barely steady. Insurances were resistant.

Among little changed Industrials, CIBA-Geigy fell Frs.25, Sandoz Bearer dropped Frs.75 and Nestle Bearer fell Frs.10. State bonds were steady. Union Bank and Zurich Insurance were both weaker. However, Interfood and Alusuisse resisted the general decline.

COPENHAGEN — Lower in active trading. Burmeister and Wain fell Kr3 to Kr153.

OSLO—Banking and Industrials were irregular, Insurances were quiet and Shipping shares were firm. Kosmos rose Kr10.

VIENNA—The market closed steady.

MILAN—The market closed generally firmer in fairly active trading. Most major Industrials gained while Bonds were irregular.

Pirelli Spa rose L25 to L1,090 and Saffa gained L101 to L6,000. Breda and Contoni were firm while Italsider put on L8. La Centrale was ahead L109 but RAS and Mediobanca were weak.

JOHANNESBURG—The market was firm in light trading. Golds were mostly higher although below the day's highs in places. Financial Minings were firm across the board. Elsewhere, De Beers was 8 cents up at R370. Platinums featured afternoon business, with Lydenburg reaching R170 after opening at R165.

HONG KONG—The market closed little changed in very quiet trading after fluctuating narrowly either side of Tuesday's levels. Among leading issues, Hong Kong Land eased 5 cents to $HK7.05 and Hutchison slipped 2.5 cents to $HK3.125. Hong Kong Bank, Jardine Matheson, Swire Pacific and Wheelock Marden were all unchanged.

TOKYO—The market fell steadily throughout the day on liquidation with investors remaining on the sidelines concerned over the Lockheed affair. The Tokyo SE index closed at 349.87, down 1.55.

Recently-selected Petroleums and Textiles, Fisheries and Shipping Lines led the decline, while Motors and Electricals also eased on the U.S. dollar's decline against yen.

Some Electricals, however, turned upwards towards the close on cheap buying.

AUSTRALIA — Selected mining and industrial stocks were firmer, led by Base Metal mines. The Sydney market index again touched a new 1976 high. Yet Uraniums were mostly weaker. Pancontinental closed steady at $A15.00, but Queensland Mines lost 10 cents to $A2.30. Kathleen rose a cent to $A1.86. Coals were mixed with Thiess and Oakbridge losing a few cents while Utah rose nine cents to $A4.25.

Tin mines continued to weaken in line with easier world tin prices, but despite the fall in copper, both MIM and Bougainville gained four cents.

Pound weaker

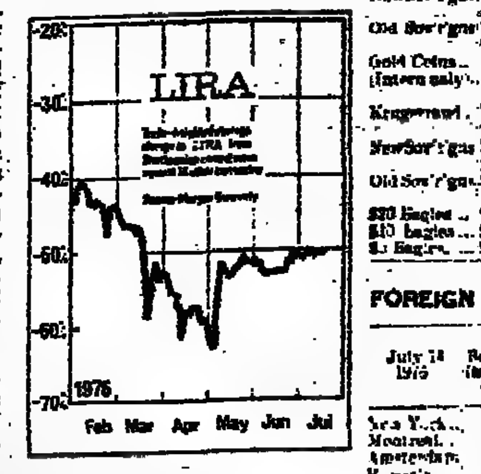
Sterling was weaker in the foreign exchange market yesterday but trading was fairly quiet in the morning, ahead of publication of the U.K. overseas trade figures for June. Some disappointment at the size of the trade deficit was probably responsible for the pound's decline in the afternoon and it closed at $1.7810-1.7820 against the U.S. dollar, a fall of 85 points on the day. Sterling opened at $1.7860-1.7870, and touched a worst level of $1.7805-1.7815. The Bank of England may have given support during the afternoon and also continued to intervene in the forward market. The pound's trade-weighted average depreciation since the Washington Currency Agreement, as calculated by the Bank of England, widened to 38.8 per cent. from 38.5 per cent., after standing at 38.7 per cent. at noon and in early dealings.

Austria's decision to abandon its currency's margin of movement against members of the European currency "snake" caused a period of unrest which may have caused the upward movement of the German mark and the Swiss franc. The recent weakness of one or two members of the "snake" has tended to suppress the value of the D-mark and this has also been reflected in the Austrian schilling. Although Austria was not a member of the joint float agreement it had previously kept its currency in line with the "snake," but this latest move is expected to lead to a general revaluation of the schilling and there was renewed speculation yesterday that a revaluation of the D-mark may be possible.

The Austrian unit closed at Sch.16.31 against the dollar, compared with Sch.16.42 previously.

The dollar's trade-weighted average depreciation, as calculated by Morgan Guaranty of New York, widened to 2.21 per cent. from 2.13 per cent.

Gold closed unchanged at $122¼-$122¾.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	July 14	July 13
Sterling	0.642757	0.639318
U.S. dollar	1.14675	1.14565
Belgian franc	45.5208	45.5504
Deutschemark	2.95268	2.95595
French franc		
Italian lire	960.346	961.024
Japanese yen	335.998	338.599
Dutch guilder	3.12653	3.12989
Swedish krona	5.12047	5.12711
Swiss franc	2.85765	2.84619

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

July 14	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	2.574-575	53.80 85	6.07 08	4.59 60	96.35 40	1.4.32 71
N. York	38 83-84	—	20.42 46	2.52 53	1.7825 35	[illegible]	[illegible]
Paris	N.F.	N.F.	—	N.F.	N.F.	N.F.	N.F.
Brussels	[illegible]	[illegible]	[illegible]	—	0.68 21	[illegible]	[illegible]
London	[illegible]	1.7810 20	[illegible]	[illegible]	—	[illegible]	[illegible]
Am'rd'm.	[illegible]	[illegible]	57.00-05	[illegible]	4.650-65	—	[illegible]
Zurich	56.07 18	2.474 -78	51.72 78	[illegible]	4.411 -15	90 47 75	—

U.S. $ in Montreal. U.S. $=97.23 Canadian cents. Canadian $ in New York. C$=103.09-11 U.S. cents. U.S. $ in Milan 837.25-837.75. Sterling in Milan 1492.00-1493.50. N.F.-No Fixing.

EURO-CURRENCY INTEREST RATES*

July 14 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W.German mark	Swiss franc
†Short term	18¼-18⅞	5-5⅜	7¼-8¼	[illegible]	[illegible]	[illegible]
7 days notice	18⅜-18⅞	5-5⅜	7¾-8¾	[illegible]	[illegible]	[illegible]
Month	18⅛-14	5-5⅜	8-9¼	[illegible]	[illegible]	[illegible]
Three months	18¼-18¾	5⅝-5⅞	8⅜-8⅝	[illegible]	[illegible]	[illegible]
Six months	18¼-18¾	5-5⅜	8⅝-8¾	[illegible]	[illegible]	[illegible]
One year	18⅛-18¼	6⅜-7⅛	8⅝-8⅞	[illegible]	[illegible]	[illegible]

Euro-French deposit rate: two-day 14-16 per cent.; seven-day 14-16 per cent.; one-month 14½-14¾ per cent.; three-month 12½-12¾ per cent.; six-month 12½-12¾ per cent.; one year 12½-12¾ per cent.

Longer-term Eurodollar deposits: two years 8½-8¾ per cent.; three years 8¼-8½ per cent.; four years 8½-8¾ per cent.; five years 8⅞-9⅛ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 5¼-5⅜ per cent.; three-month 5⅞-5⅞ per cent.; six-month 5⅞-6⅛ per cent.; one year 6⅛-6⅜ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

GOLD MARKET

July 14

Gold Bullion (a fine ounce): Close $122¼-122¾; Opening $122¼-122¾; Morning fix'g $122.25 (£68.507); Afternoon fix'g $122.20 (£68.505)

Gold Coins domestically: Krugerrand $126-127 (£70½-71¼); New Sov'r'gns $44-46 (£24½-25½); Old Sov'r'gns $40-42 (£22½-23½)

Gold Coins (Intern'ally): Krugerrand $125½-127½ (£70½-71½); New Sov'r'gns $44½-46½ (£25-26); Old Sov'r'gns $37½-39½ (£21-22); $20 Eagles $196-199; $10 Eagles $98-101; $5 Eagles $58½-59½

FOREIGN EXCHANGE

July 14 1976	Bank rate %	Day's spread
New York	5½	1.7765-1.7870
Montreal	9¼	1.7281-1.7400
Amsterdam	5	4.65-4.69
Brussels	7	[illegible]
Copenhagen	8½	10.96-11.00
Frankfurt	3½	4.58-4.61
Lisbon	6½	55.57-56.00
Madrid	7	120.85-121.15
Milan	12	1,490-1,495
Oslo	6	9.75-9.80
Paris	8	8.50-8.54
Stockholm	6	7.84½-7.88
Tokyo	6½	517-527
Vienna	4	28.4-28.8
Zurich	2	4.40-4.45

* Bank discount.

OTHER MARKETS

Argentina	259.80	265.60	Argentina
Australia	1.4281	1.4425	Austria
Brazil	19.10	19.30	Belgium
Finland	6.91	6.98	Brazil
Greece	56.745	58.259	Canada
Hong Kong	8.6000	8.8225	Denmark
Iran	124	129	France
Kuwait	0.520	0.530	Germany
Luxembourg	71.90	72.00	Greece
Malaysia	4.562	4.578	Italy
N. Zealand	1.7886	1.8058	Japan
Saudi Arab	6.25	6.35	Netherl'nds
Singapore	4.4018	4.4175	Norway
S. Africa	1.5418	1.5603	Portugal
			Spain
			Switz'l'nd
			U.S.
			Canada

Indices

NEW YORK —DOW JONES

	July 14	July 13	July 12	July 9	July 8	July 7	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	1005.16	1006.06	1011.21	1003.11	991.88	981.19	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	86.76	86.71	86.64	86.55	86.44	85.56	86.76 (14/7)	85.92 (13/7)	—	—
Transport	231.27	229.65	228.85	228.55	225.56	224.14	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	90.91	90.55	90.04	89.65	89.18	88.24	91.90 (4/2)	84.8 (26/6)	163.52 (20/4/69)	10.58 (28/4/42)
Tr'ding vol 000's	23,840	27,660	25,760	26,500	21,710	18,470	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	July 9	July 2	June 11	Year ago (approx.)
	3.79	3.80	3.88	4.44

STANDARD AND POORS

	July 14	July 13	July 12	July 9	July 8	July 7	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	118.02	118.89	118.01	117.85	116.85	117.10	118.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	105.85	105.67	105.80	104.98	4.98	104.25	105.85 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	July 8	July 1	June 6	Year ago (approx.)
Ind. div. yield %	3.35	3.34	3.55	3.89
Ind. P/E Ratio	12.85	12.62	12.22	11.62
Long Govt. Bond yield	5.67	5.68	5.72	5.77

N.Y. S.E. ALL COMMON

July 14	July 13	July 12	July 9	1976 High	1976 Low
56.61	56.48	56.64	55.06	56.54 (12/7/76)	87.06 (2/1/76)

Rises and Falls July 14: Issues Traded—1,890; Up—859; Down—557; Same—474; New Highs 91; New Lows 7

MONTREAL

	July 14	July 13	July 12	July 9	1976 High		1976 Low	
Industrial	200.10	199.10	197.98	197.45	207.52	(19/3)	176.82	(2/1)
Combined	192.80	192.25	191.80	190.61	198.76	(22/6)	175.67	(2/1)
TORONTO Industrial	189.85	189.16	189.00	187.59	197.45	(20/2)	173.01	(2/1)
JOHANNESBURG Gold	172.7	170.0	169.8	171.5	228.7	(12/1)	162.6	(12/7)
Industrials	205.8	205.0	205.4	207.5	215.0	(21/5)	198.6	(5.4)

	July 14	Previous	1976 High	1976 Low
Australia (a)	467.65	466.56	467.65 (14/7)	445.43 (6/1)
Belgium (b)	100.13	102.76	115.12 (6/2)	97.60 (2/6)
Denmark (c)	112.19	112.20	112.33 (12/7)	109.20 (10.5)
France (e)	—	63.3	74.5 (5/5)	63.3 (13/7)
Germany (f)	740.1	741.9	801.7 (17/3)	752.0 (20/6)
Holland (g)	93.0	93.3	103.6 (5/3)	89.8 (29/6)
Hongkong (h)	416.09	415.62	465.44 (17/5)	404.56 (2/1)
Italy (k)	84.34	83.21	91.57 (26/2)	72.80 (4/6)
Japan (m)	349.87	351.42	357.80 (30/6)	326.28 (6/1)
Singapore (n)	257.82	257.34	256.16 (5/3)	236.36 (2/1)

	July 14	Previous	High 1976	1976 Low
Spain (p)	84.38	84.22	100.19 (7/6)	84.45 (1/4)
Sweden (q)	463.26	467.01	476.96 (10/5)	394.5 (19/1)
Switz'rl'd (r)	291.7	293.2	302.6 (12/5)	275.3 (4.6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 40 Utilities and 25 Rails. (e) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—110¾% (111¼%).

NEW YORK

CANADA

GERMANY ♦

MILAN

PARIS

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND*

COPENHAGEN

VIENNA

AUSTRALIA

JOHANNESBURG

TOKYO †

Source Nikko Securities, Tokyo.

STOCKHOLM

OSLO

SPAIN ▼

هكذا اصل الأصل

FARMING AND RAW MATERIALS

New U.S. warning over EEC oils tax plan

BY PAUL BETTS

THE UNITED STATES is threatening to take "very serious action" to defend its interests if the European Commission goes ahead with its planned tax on soyabean and other vegetable oils, according to Mr. William Walker, the U.S. Deputy Special Representative for Trade Negotiations.

Mr. Walker raised the matter with Mr. Roy Hattersley, Minister of State for Foreign and Commonwealth Affairs, and Mr. Edmund Dell, the U.K. Trade Secretary, in London yesterday and was understood to have warned them of the consequences of the proposed EEC levy.

Earlier, Mr. Walker told a Press briefing at the U.S. Embassy in London that the Commission was using U.S. soyabean exports to the community, valued at about $2bn. annually, *as a scapegoat for the commission's failure to deal with its* dairy surplus problem. The EEC wants to reduce U.S. soyabean imports for livestock feed by requiring European processors to use surplus stocks of non-fat dry milk in animal feed, he said.

Warning that the tax would seriously jeopardise relations between the U.S. and the EEC, Mr. Walker said that the U.S. would not necessarily feel any obligation to take recourse through lengthy GATT (General Agreement on Tariffs and Trade) procedures which would probably take anything up to two years.

Although he did not specify how the U.S. would retaliate, he mentioned the possible increase in tariffs which would hit community exports, notably cars, chemicals and machinery. There were, he added, other possible courses of action.

Mr. Walker said that the proposed levy was unfair and discriminatory since it excluded olive oil. "If the tax goes through it would seriously injure U.S. soyabean producers," he added, pointing out that the export *of soyabeans was one of the* most valuable commitments the U.S. had with the Community.

The U.S., under the Kennedy Round agreement of 1967, currently exports soyabean oil to the Community on the basis of a 15 per cent. maximum duty *and no duty on seeds and meal.*

The EEC Council of Agriculture *Ministers are meeting* early next week to consider the proposed tax.

Addressing the Trade Policy Research Centre *in London last* night, Mr. Walker urged France and the U.K., *among other countries,* to drop inflation-linked *subsidy schemes for exports.* He said these often sought export gains *at someone else's expense* and eroded the import protection *which another country had negotiated.*

Our Commodities Staff writes: The U.S. Department of Agriculture has raised its estimates of next season's soyabean exports by 15m. bushels and maize exports by 100m. bushels. *It has also announced that the* Soviet Union has bought a *further 200,000 tonnes of U.S.* maize. Trade sources believe this is the last Soviet order in its current buying programme and brings sales of U.S. wheat and maize to the USSR to 2.2m. tonnes over the past week.

Recovery in cocoa and coffee

By Richard Mooney

COCOA PRICES on the London terminal market reached the £30 permissible limit up level yesterday afternoon and continued to rise after the statutory 15-minute break in trading. By the close the September position had gained £41 to £1,205.5 a tonne—wiping out Tuesday's sharp decline.

Dealers saw the rise as a technical reaction following the recent fall which had trimmed over £80 off nearby positions in only a few days. Reports of improved manufacturer interest also aided sentiment.

Coffee futures also recovered strongly after their even more dramatic recent fall. The September position ended the day £67 higher at £1,356 a tonne—nearly £150 up from Tuesday's low point.

A forecast issued yesterday by the Commonwealth Secretariat puts exportable production from the 1976-77 world coffee crop at 41m.-44m. 60-kilo bags. This could be 9m. to 12m. below roaster's demands unless high *prices* cause a "marked fall in consumption," the secretariat added.

HOP SUPPLIES

EEC surplus poses bitter problems

BY DAVID CURRY IN BRUSSELS

A SERIES of proposals to tackle the serious surplus in the EEC hops market are currently before the Council of Ministers. Taken together they are designed to cut back the area under hops, prune the aid system to hop growers, and, as an emergency measure, pay premiums for the non-harvesting of hops. It is hoped that this will reduce the harvest by some 3,500 tonnes by leaving the hops to rot in the field or destroying the harvested crop.

The situation which has provoked these drastic proposals is a level of stocks in the EEC some 50 per cent. above normal at around seven and a half months' *supply. World stocks are some* 35 per cent. higher than normal *while the Americans, who* normally keep some 10 months of stocks (twice the EEC average), are also 50 per cent. overstocked.

This year the Community has planted some 36 per cent. of the world area in hops and will have around 41 per cent. of world production. Of the EEC production of about 48,000 tonnes some 32,000 is German, 7,000 tonnes English and the rest French, Belgian and Irish (Guinness-destined.) The heaviest concen*tration of German hop-growing is* the Hallertau, which is the *constituency of the German* Agricultural Minister, Josef Ertl.

Prices

The British used to be self-*sufficient, but the development* of lager beers has created a *demand for Continental-type* hops turning the U.K. into an *importer.* Belgium and France provide together about half their requirements. About half of German production is exported, while the EEC is a substantial importer from the U.S. Its leading outside supplier is Czechoslovakia but Yugoslavia and Spain figure on the import lists.

The reasons for the surplus are several. The first is an increase in cultivated area in the world which has gone from some 71,000 hectares to around 81,000 hectares in the period since 1970 overwhelmingly in response to the very good prices obtaining in 1971 and 1972. The expansion has also been aided by a Community system of aids for varietal reconversion — the switching of crops to the richer strains.

This change to richer strains has also helped to provoke surplus. Old varieties like Hallertauer and Strisselspalt *are much lower in alpha acid* content (which is the bitterness in beer) than newer breeds like Northern Brewer and Brewers Gold.

A further factor has been a reduction in the rate of increase in beer production, and a net reduction in the utilisation of hops in the beer-making process because of increased efficiency gained from extracts and powders. The development of extracts and powders has had the effect of enabling much longer storage of hops rather than making brewers dependent year-by-year on the crop.

Finally, 1973 saw a mammoth harvest at exactly the time when these other factors were begin*ning to have an important effect* on the market.

There was a dramatic collapse of prices. In 1976 spot prices *were 40 per cent. lower than in* 1972. The chief victims in such circumstances are always likely to be the French and Belgian producers. The contract market has moved to Germany, where inflation has been relatively low and the Germans will do longer-term deals. This has left France and Belgium as the non-contract, marginal and hence vulnerable market. The realisation that eventually logic demands an end to French and Belgian production dawned some time ago on the Brussels Commission, but the political problems in such a rationalisation are likely to be considerable.

Britain has a purely contract market organised by the Hops Marketing Board, one of the institutions which is theoretically incompatible with Community rules but which shows no signs of imminent demise.

This year the Commission estimates that some 2,000 tonnes *will be added to the world* surplus, of which around half *may well be in the EEC.*

Limit

It is against this background that it has produced its proposals to stabilise the market.

The non-harvesting grant is an emergency measure. Of more long-term importance is the *modification proposed of the* organisation of the market by *grouping growers into producers'* organisations and directing assistance to these producer groups. The idea is to cut out speculation by individual planters and create a framework in which it is easier to control plantings.

The Commission is also proposing a scheme for varietal reconversion which would limit aid for replanting with richer alpha acid varieties to those who *undertook to reduce at the same* time the total area planted by 40 per cent.

Behind these measures is the hope that the producer groups can be built up into a stronger market force to counter-act the weight of the independent merchants and the breweries.

Lower world groundnut estimate

WASHINGTON, July 14.

THE U.S. Department of Agriculture has projected world groundnut production this year at 17.8m. tonnes, slightly below last year's estimated *output of* 18.1m.

As a result the Department is trimming its forecast of groundnut oil production in 1977 to 3.3m. tonnes from 3.5m. estimated this year, while groundnut meal production in 1977 is *preliminarily forecast* at 4m. tonnes against estimated produc*tion of 4.2m. this year.*

The smaller crop projection *this year is because a repeat of* record yields of 1975 in India and Senegal *is considered* unlikely and only limited recovery in production is expected in Nigeria and Niger because of seed shortages, the Department said.

Exports

Proportionately lower groundnut oil and meal exports are forecast. The Department puts exports of groundnuts in *1977* at about 775,000 tonnes compared *with 845,000 tonnes forecast for* this year, while meal exports are *projected at 1.65m. tonnes* compared with an estimated 1.85m. this year.

In London, meanwhile, the Commonwealth Secretariat said world vegetable oil output in the 1976-77 season may rise to about *36.4m.* tonnes from about 35.9m. in the previous season. But climatic and other factors could easily upset this forecast, it said *in its Tropical Products* quarterly.

According to preliminary figures, net exports of vegetable oilseeds and oils from primary producing countries rose in the first months of this year, following a rise to 10.3m. tonnes (oil *equivalent) in 1975—nearly 2* per cent. higher than in 1974.

Exports of hard oil, which fell in 1973 and 1974, expanded by a *third last year while soft oils* exports fell for the first time in several years, the Secretariat said.

Trade statistics *show a marked* increase in vegetable oil imports by EEC countries in the first 1976 quarter compared with the same period last year.

● The Indian Government is *stopping immediately* the export of hand picked selected (HPs) groundnut.

An official press release issued in New Delhi said, "The move was in order to check the rise in internal prices *of groundnut oil.*" Market experts had been expecting such a move.

Reuter

Further Japan sugar talks with Australia

SYDNEY, July 14.

JAPANESE SUGAR millers will meet Australian sugar industry representatives in October this year, industry sources said.

The Japanese are expected to continue their effort to re-negotiate sugar contracts signed at high prices in 1974 and 1975. But as far as the Australian industry is concerned, "a contract is a contract" and there is no opportunity for re-negotiating on the basis of price, they said.

Some sugar deliveries to Japan have already been deferred but there appears little further scope for deferment of contracts at the October talks.

Reuter

Palm oil market reopens

BY OUR COMMODITIES STAFF

TRADING IN the new London palm oil futures contract began yesterday with prices quoted ranging from £270 a tonne to £280.

Faure Fairclough, London brokers, reported that after a nervous start reflecting the mood of a quieter physical sector, the market quickly found its level and trading started with producer, consumer and dealer sections of the trade all playing a part.

Trading was brisk particularly in the October and December positions. By the close 32 lots of 50 tonnes each were traded.

Closing prices: October £270½ to £271; December £273-£274; February £274-£276; April £275-£278; June £278-£280; August £278-285; October (1977) £280-£287.

HOG LARD EXPORT BAN LIFTED

BUENOS AIRES, July 14.

TRADE SOURCES said the Argentine Government has freed exports of hog lard, either edible or inedible, which had been banned for about two years.

However, they could not say whether actual export sales have been *made, as the Argentine* Meat Board bulletins no longer *carry export registrations.*

Reuter

Poland to increase farmers incomes

WARSAW, July 14.

POLAND'S COUNCIL of Ministers said in a communique that it is raising the farmers' incomes to increase incentives for further agricultural development, the Polish Press Agency reports.

Among increases announced in purchase prices for farm produce are *rises of 40 per cent.* for grain, 12 per cent. for sugar beet, 45 per cent. for seeds and 15 per cent. for wool. The price *rises should increase overall* farm income by 38.2bn. zlotys (£1.1bn.) annually, with remission of credit extended for farm expansion adding another Z1bn.

However, increases in retail prices of fertilisers, fodder and other agricultural goods will reduce the overall benefit to *farmers to around Z12bn.*

Reuter

Meanwhile from Moscow UPI reported that Soviet meat pro*duction is continuing* to decline sharply as the result of last year's harvest disaster.

The newspaper, Economicheskaya Gazeta, said meat production in June was 557,000 tons, only 71 per cent. of the 781,000 produced last June. It said the *January to May period was down* 16 per cent. on last year's figures.

Because last year's grain harvest was one third under plan, *food grains were short and an* unusually high number of *animals were slaughtered* prematurely last autumn.

COMMODITY MARKET REPORTS AND PRICES

METALS

COFFEE

RUBBER

SILVER

SOYABEAN MEAL

COCOA

GRAINS

FREIGHTS

SUGAR

JUTE

COTTON

WOOL FUTURES

MEAT/VEGETABLES

PRICE CHANGES

Prices per ton unless otherwise stated.

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

U.S. Markets

All sectors record advances

NEW YORK, July 14.

PRECIOUS metals and copper rallied once again on sympathy speculative buying following higher Chicago markets. Cocoa scored limit advances on Trade and Commission House buying, as speculative buying also bolstered sugar prices. Reversing the recent trend, grain futures and soyabeans were sharply higher following rumours of additional Chinese soyabean purchases, Bache reports.

STOCK EXCHANGE REPORT

Markets hold up well despite poor trade figures

Share index 0.4 off at 389.1 — Golds better again

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Jun. 28	July 8	July 9	July 20
July 12	July 22	July 23	Aug. 3
July 26	Aug. 5	Aug. 6	Aug. 17

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Although poor, the June trade figures were in line with most expectations and had little late impact on sentiment in stock markets yesterday. A fraction easier throughout the day, British Funds picked up to close without much alteration on balance once the news was out of the way. The Government Securities index shaded 0.04 to 62.55.

It was a similar story in leading Industrials where business was down to a mere trickle. After drifting off a shade, prices were inclined harder in the "after-hours" and final quotations were no worse than narrowly mixed. Only 0.7 down at its lowest of the day at noon, the FT 30-share index finished 0.4 lower on balance at 389.1.

Elsewhere, most of the day's activity centred on bid situations, both rumoured and actual. Otherwise, movements were few and far between in secondary issues, although there were a few modest features in response to company trading statements. The overall trend was slightly better, this being reflected in 15-8 ratio of rises over falls in FT-quoted Industrials. Official markings of 4,267 compared with 4,692 on Tuesday and 4,355 a week ago.

Gold shares maintained their slightly better trend awaiting the result of the IMF gold auction. The Gold Mines Index improved 1.6 to 140.3.

Short Gilts ease

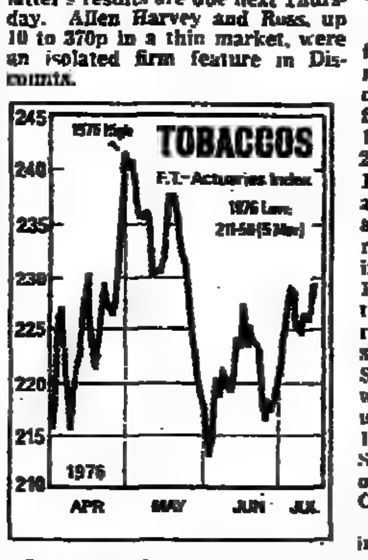
The June trade figures turned out to be a non-event as far as the Gilt-edged market was concerned. Before the announcement buyers had continued to show a waiting disposition and the trend had thus eased slightly, more noticeably at the shorter end where losses extended to ¼. The deficit for June of £360m. failed to dismay the market being much in line with expectations, and after-hours' all the mediums/longs regained falls of ⅛ to close unaltered, while losses among the shorts were also reduced, except for a few low-coupon issues. Further hints that public spending cuts could be expected next year made no positive impact on sentiment.

Occasional institutional and arbitrage business made up the bulk of another small trade in investment currency which saw the premium react to 110½ per cent. before a close of 110¼ per cent., down ⅝ on the day. Yesterday's S.E. conversion factor was 0.6901 (0.6873).

Brokers mixed

Insurance Brokers turned irregular after Tuesday's firmness, with C. E. Heath succumbing to profit-taking and losing 8 to 426p. Matthews Wrightson shed 4 to 188p for a similar reason and Sedgwick Forbes were 2 off at 248p. Leslie and Godwin, however, resisted the trend and went ahead by 4 to 118p, sentiment being helped by a revival of bid hopes. Composites were disappointing in contrast to the previous day's performance with Commercial Union 2 down at 125p.

Tuesday's trend was repeated in the big four Banks yesterday with the odd buyer nibbling ahead of the approaching interim dividend season. Barclays, who report on July 29, improved 2 to 282p, while Midland (July 23) gained a similar amount to 272p. Lloyds and National Westminster were unaltered at the common level of 230p. Overseas issues came on offer with Australia and New Zealand the biggest casualty at 483p, down 7. Bank of New South Wales shed 5 to 590p and a similar fall was seen in Commercial Bank of Australia at 275p; the latter's results are due next Thursday. Allen Harvey and Ross, up 10 to 370p in a thin market, were an isolated firm feature in Discounts.



Breweries fluctuated narrowly in thin trading. Vaux hardened 3 more to 250p and Allied were a shade better at 69p. Arthur Guinness gave up a penny to 134p. Elsewhere, Distillers eased a shade to 142½p in front of to-day's results. H. P. Bulmer, however, who also report preliminary figures to-day, edged forward 2 to 99p.

After having improved to 74p following the bid from Norwest Holst (2 easier at 50p), F. C. Construction made fresh headway and closed 17 higher at 82p on the announcement that the company has received another approach which may lead to an increased offer. International Timber closed 3 better at 86p on the statement which accompanied the preliminary results, while other notably firm spots included Sabah Timber, 3 better at 30½p, and Travis and Arnold, 4 to the good at 103p.

ICI closed without alteration at 362p, after 363p. Elsewhere in Chemicals, Croda International moved up 2½ to 36p.

"Gussies" "A" good

"Gussies" "A" continued to figure prominently in Stores, rising 4 more to 189p for a two-day gain of 7: the preliminary figures were announced on July 17 last year. Debenhams hardened 2 to 85p, while Marks and Spencer, 103p, British Home Stores, 185p, and Burton "A," 44p, all closed a penny better. Lee Cooper responded to the substantially improved profits with a jump of 10 to a 1976 peak of 110p in a thin market. Time Products, reflecting trading news, were a shade better at 43½p. Cope Sportswear moved up 2 to 34p, while, among smaller-priced issues, Rosgill, 11p, and Selincourt, 10½p, put on a penny apiece. Shoes were noteworthy for a rise of 5 to a 1976 peak of 70p in Church.

BSR provided a weak feature in Electricals, retreating to 101p on talk of financial troubles at Morse Electronics, one of the company's large American customers; however, a good two-way trade then ensued and the shares rallied, helped by an explanatory statement from BSR, to 104p, although still leaving a loss of 3 on the day. Thorn Electrical contrasted with a fresh improvement of 4 to 238p in response to the increased profits, which came well up to market expectations. The leaders otherwise barely stirred in idle trading. The indicated South African generating plant order worth over £70m. failed to move GEC, 139p. Elsewhere, Racal Electronics shed 3 to 216p, but gains of 2 were seen in United Scientific, 114p, and Electronic Rentals, 38p.

A narrow and irregular tendency emerged in Engineerings. The leaders softened a little but secondary issues often staged firmness as in Head Wrightson, 54p, and Graham Wood Steel, 35p, both of which rose 3. Lingering bid speculation took A. Cohen up 5 more to 130p, while Edgar Allen Balfour improved 2 to 68p and Baker Perkins 1 to 60p after their respective annual statements. Bonser, however, fell 3 to 22p reflecting the sharply lower interim profits. Buying inquiries developed for Anderson Strathclyde, 2 better at 43p, and Pegler-Hattersley, which hardened 2 to 154p, after 155p. Linread were raised 3 to 27p.

Among quiet Foods, G. F. Lovell improved 4 to a 1976 peak of 22p on news of the first-half recovery. Renewed speculative interest took Fox's Biscuits up 5 to 185p, while J. E. England, 22p, and F. J. Wallis, 39p, put on 3 apiece. Bernard Matthews contrasted with a fall of 6 to 85p on a selling order, while profit-taking after the recent speculative rise brought Manbre and Garton back 3 to 148p. Nurdin and Peacock eased 3 to 79p. The leaders closed little changed after a quiet trade. Hotels and Caterers were noteworthy for an advance of 3 to 92p in Trust Houses Forte in front of to-day's interim statement. Queens Moat Houses rose a fraction more to 7½p.

U.K. Optical decline

There was little activity in the miscellaneous Industrial leaders, which stayed close to overnight levels. Wilkinson Match managed to improve afresh to 152p, still on the profits expansion, before ending a net 2 harder at 149p. Elsewhere U.K. Optical, after the previous day's advance of 65 on the bid from Pilkington, came back to close 15 down at 168p, after 165p, fears of the offer being referred to the Monopolies Commission. Pilkington receded 3 more to 220p to value the offer at 185p. R. and G. Cuthbert hardened 1½ more to 44p, making a two-day rise of 11 on the 46p cash bid from Kema Nord AB. Favourable Press comment prompted a rise of 4 to 190p in Dundee-Combex-Marx. Elbar Industrial moved ahead 10 more to 140p in a thin market, while British Vita gained 4 at 102p. Ofrex, 71p, Royal Sovereign, 41p, and Hanson Trust, 129p, all added 3. Marling Industries closed a fraction down at 13½p; the price was incorrectly shown as 12p in yesterday's issue.

Dowty continued firmly in Motors, improving 6 to 161p; the preliminary figures are expected next Wednesday. Automotive Products hardened 3 to 58p and Armstrong Equipment moved up 4 to 75p. Fodens made no apparent response to the disclosure of the trading deficit, closing without alteration at 19p. Oliver Rix featured Garages with a rise of ¾ to 3½p following a large turnover. Kennings hardened 2 to 56p as did Adams and Gibbon to 60p.

Assuming that the worst was over and prospects could only be brighter, buyers showed a renewed interest for Inveresk which moved up to 38½p before closing a net 1 higher at 37½p. A few other Paper/Printings also improved, including Jefferson Smurfit, 3 up at 112p, and John Waddington, 2 better at 108p. Jacksons Bourne End stayed at 51p despite the sharply lower profits.

Haslemere Ests. react

Leading Properties fluctuated narrowly in further light trading to finish slightly higher on balance. Slough Estates, 84p, and English Property, 32½p, both recorded improvements of 1½, while Land Securities ended a penny harder at 170p, after 168p. Elsewhere, Haslemere Estates ran into small profit-taking after the preliminary results and reacted to 195p, before picking up to 198p for a net loss of 5. Keith and Henderson, 87p, relinquished 8 of the recent speculative rise awaiting further developments in the Welfare Insurance bid situation. Artagen Properties, however, hardened a penny to 90p following the Board's recommendation of the already unconditional 88p cash offer from Sun Life. Peachey Property hardened a penny more to 44½p, still on the half-time report. Hammerson "A" gained 5 at 373p and Property and Reversionary "A" 4 at 182p.

An uninteresting day in Oils ended with British Petroleum just 2 better at 602p and Shell unchanged at 434p. Burmah also reverted to the overnight level of 43p, after 44p, while sporadic profit-taking lowered Oil Exploration 2 to 83p. Lasmo/Scot, too, gave a little ground to 203p, down 4, but increased speculative demand raised Premier 1 to 7p. Siebens (U.K.) strengthened 15 to 190p on hopes that the company will farm-out part of its North Sea Brae Field interest.

Scattered mixed movements were the order of the day in Overseas Traders. S. and W. Berisford were in firm vein, improving 4 to 154p, but Gill and Duffus contrasted with a decline of 4 at 168p.

A firm trend was maintained in Trusts and Financials, although the volume of trade remained small. Securities Trust of Scotland improved 3 to 137p and Estate Duties hardened 2 to 218p. By way of contrast, M. and G. Holdings (formerly White Drummond) cheapened 3 to a 1976 low of 93p.

With the exception of Milford Docks which gave up 4 to 56p, Shippings closed quietly firm. Caledonia Investments added that much to 178p and Lyle were 5 better at 214p on revived speculative interest. P & O Deferred gained a penny at 106p.

Nottingham Manufacturing attracted support in Textiles, rising 4 to 74p, while small buying in front of to-day's results left Hollas 3 dearer at 46p, after 47p. Sidlaw Industries hardened 2 to 80p, as did Worth (Bond) to 42p, while British Cotton and Wool Dyers Association improved the turn to 23p. Courtaulds were neglected and closed unaltered at 132p. Bats continued firm in Tobaccos, improving afresh by 3 to 378p; the interim figures are due next Tuesday.

Reflecting Cape advices, South African Industrials closed widely lower. Hulett's Corporation gave up 15 at 165p, while losses of between 8 and 10 were sustained by Anglo-American Industrial, 550p, Rex Trueform "A", 206p, and Abercom Investments 170p.

Teas softened in places. McLeod Russel receded 2 to 172p and Assam Dooars were a penny off at 118p.

Golds quietly firmer

Little movement was seen in South African Gold shares with jobbers awaiting the outcome of the International Monetary Fund gold auction. Prices opened a shade firmer reflecting the modest overnight gains in the U.S., but subsequently eased in the wake of the modestly lower bullion price, which was finally unchanged at $122.50 per ounce. In the afternoon, however, they rose afresh owing to arbitrage demand and small U.S. interest.

The Gold Mines index gained a further 1.6 to 140.3. Among the heavyweight issues, Free State Geduld closed a half-point higher at £11⅝, while helped by the higher working profit in the last quarter. West Driefontein ... to £17⅛.

In the lower priced ... Libanon gave up 10 to ... flecting the lower quarterly ... ing profit.

Overseas-based Financials ... quietly firmer. Gains of ... registered by both "Amgold" ... General Mining at £17⅛ ... respectively. De Beers ... to 229p. Coppers were ... changed but Platinums ... ward helped by Cape ... Tins were neglected.

Australians, which have ... considerable ground over ... few days, continued to ... Of those to attain new ... for the year, Australian ... and Smelting rose 2 to 2... Whim Creek gained 3 ... Hampton Areas advanced ... on consideration of the ... dividend. Following n... CGFA has reduced its h... Pancontinental to unde... cent., shares of the for... 10 better at 280p, while ... the latter improved a ... to £13½. Elsewhere ... Minerals put on 3 to 9... ing Selukwe Gold Mi... Finance's proposed acqu... some 22 per cent. of Tel...

FINANCIAL TIMES STOCK INDICES

[illegible]

HIGHS AND LOWS

	High	Low	High	Low
Govt. Secs.	65.21	60.19	127.4	49.18
Fixed Int.	64.43	59.75	150.4	50.53
Ind. Ord.	420.8	364.7	545.6	49.4
Gold Mines	246.9	135.8	442.5	43.5

S.E. ACTIVITY

Gilt-Edged	131.6
Industrials	137.7
Speculative	61.7
Totals	97.1
Gilt-Edged	165.9
Industrials	141.7
Speculative	47.7
Totals	108.6

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS — Wednesday, July 14, 1976

[illegible]

FIXED INTEREST

[illegible]

Assurance on regional aid policies

NEWCASTLE, Ju...

THERE WILL be no further relaxation of regional-industrial policies, the Government has promised the North of England Development Council.

A development council deputation, led by Mr. Ted Short, MP, chairman, this week saw Lord Melchett, Under-Secretary at the Industry Department to express concern at the decision to increase exemption limits for industrial development certificates from 5,000 square feet to 12,500 square feet in South-East England and from 10,000 square feet to 15,000 square feet in non-assisted areas.

The North of England Development Council regards the certificate system, which restricts industrial expansion in non-assisted areas, as one of the most important measures to encourage industry to move to development areas.

Mr. Short said that Lord Melchett gave an assurance there were no plans for a further increase in the limits.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	18	367	—	402	328
U.K. Optical	25p	11	168	−15	183	102
BICC	30p	8	117	—	130	104
BSR	10p	8	104	−3	124	90
Marks & Spencer	25p	8	103	+1	108	86
Midland Bank	£1	8	272	+2	320	250
Shell Transport	25p	8	434	—	462	378
Aust. & NZ Bkg.	£1	7	483	−7	490	377
Commercl. Union	25p	7	125	−2	158	106
Distillers	50p	7	142½	−½	158	137
Scot. & Newcastle	20p	7	56	—	65	52½
Assoc. P. Cement	£1	6	180	−1	202	146
Cadbury Schwps.	25p	6	48	+½	55	44½
De Beers Defd.	R0.05	6	228	+3	335	198
GKN	£1	6	314	−1	360	266

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 20	Aug. 2	Oct. 14	Oct. 26
Aug. 3	Aug. 16	Oct. 28	Nov. 9
Aug. 17	Aug. 31	Nov. 11	Nov. 23

"Calls" were dealt in Letraset, Anglo-American Corpn., BSR, English Property, Manbre and Garton, J. Brown, Slater Walker and Capital and Counties, while "doubles" were arranged in Letraset, Ladbroke Warrants, Swan Hunter, MEPC, British Land, Lonrho and Burmah Oil.

Industrials		Guardian	18	Spillers	4	Shell	27
		G.K.N.	25	Tesco	4	Ultramar	14
A. P. Cement	15	Hawker Sidd.	35	Thorn "A"	22		
Assoc. Leisure	3	House of Fraser	8	Tube Invest.	27	Mines	
Barclays Bank	22	I.C.I.	20	Unilever	38	Anglo-Amer.	50
Beecham	28	"Imps"	7	Utd. Drapery	8	Charter Cons.	15
Boots Drug	12	I.C.L.	14	Vickers	15	Char'rh'll Fin.	4
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons. Gold	16
B.A.T.	30	Legal & General	12	Woolworths	6	De Beers Def.	35
British Leyland	5	Ladbroke	11			F. S. Geduld	350
BOC Int.	8½	Lloyds Bank	22	Property		Great Boulder	12
Burton "A"	6½	"Lofs"	4	Brit. Land	3½	Hampton Areas	12
Cadburys	5	"Mans"	7	Cap. Counties	3	Hampton Prop.	4
Courtaulds	11	Marks & Spencer	8	E. P.	5	Rioof	100
Debenhams	8	Midland Bank	22	Int. Europ.	7	Lonrho	9
Distillers	13	Nat'l West Bank	20	Land Securities	14	Loraine	55
Dunlop	7½	"Do" Warrants	8½	MEPC	7	Poseidon	55
Eagle Star	11	P & O Dfd.	11	Peachey	3	Pres. Steyn	200
E.M.I.	17	Plessey	7	Samuel Props.	4½	Rio T. Zinc	17
Gen. Accident	12	R.H.M.	5	Town & City	2½	Welkom	55
Gen. Electric	13	Rank Org. "A"	18			West Areas	40
Glaxo	35	Reed Int'l	23	Oils		Western M'ng.	18
Grand Met.	7	Rothmans	4	Brit. Petroleum	40		
G.U.S. "A"	16	Slater Walker	4	Burmah Oil	4½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (22)

AMERICANS (3)
CBS Reliance
Eaton Corp.

BANKS (1)
Wells Fargo

BUILDINGS (1)
FC Construction

CHEMICALS (1)
Allied Colloids

STORES (2)
Fairdale Textiles Lee Cooper

ENGINEERING (1)
Assoc. British

FOODS (1)
Lovell (G. F.)

INDUSTRIALS (5)
Brit. Ind. Hldgs. English & Overseas
Cuthbert (R. & G.) Monument
Elbar Inds.

INSURANCE (1)
Travelers

SHOES (1)
Church

TEXTILES (2)
Bulmer & Lumb Slimma

MINES (3)
A. M. & S. Whim Creek
Bougainville

NEW LOWS (7)

FOREIGN BONDS (1)
Peru Assented 5pc

BANKS (1)
Credit France

BUILDINGS (1)
Gough Cooper

INDUSTRIALS (1)
Dykes (J.)

SHOES (1)
Allebone

TRUSTS (1)
M&G Hldgs.

TEAS (1)
Singlo Hldgs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	12	61
Corpns., Dom. and Foreign Bonds	1	10	53
Industrials	296	164	1,257
Financial and Prop.	134	36	399
Oils	6	7	25
Plantations	2	4	36
Mines	46	25	77
Recent Issues	6	9	25
Totals	[illegible]	277	1,912

BASE LENDING RATES

Allied Irish Banks Ltd.
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A.
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd.
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Cayzer, Bowater Co. Ltd.
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duboff Brothers
Duncan Lawrie
English Transcont.
First London Secs.
■ Anthony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
Hawtin & Partners
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs.
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Houses Committee.

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

A good supply of day-to-day credit was expected in the London money market yesterday, but conditions became difficult enough for the authorities to give a small amount of assistance by buying Treasury bills and local authority bills from the discount houses. Banks carried forward surplus balances and although Government disbursements exceeded revenue payments to the Exchequer the net revenue flow was not as much in the market's favour as expected. A fairly large net take-up of Treasury bills was also a major adverse factor.

Discount houses paid around 10¾ per cent. for secured call loans in the early part, and closing balances were taken within a wide range of 8 per cent. to 10¾ per cent.

In the interbank market overnight loans opened at 10¾-11 per cent. and fell steadily to 8¾ per cent. before picking up to 11¼ per cent. in places at the close.

Short-term fixed period interest rates had a slightly firmer tone in general, with the rather disappointing trade figures pushing up rates in some sectors towards the close.

Rates in the table below are nominal in some cases.

[illegible]

CORAL INDEX: Close 357-362

INSURANCE BASE RATES

† Atlantic Assurance ...
Cannon Assurance ...

AUTHORISED UNIT TRUSTS

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law ... 51.9 54.6 +0.1 4.52

Framlington Unit Mgt. Ltd.(a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971
Capital Tst. ... 59.0 62.6 ... 4.92
Income Tst. ... 57.5 61.2 ... 7.24

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055
Friends Prov. Uts. ... 30.1 32.1 +0.1 4.88
Do. Accum. ... 36.0 38.5 +0.2 4.88

REGIONAL MARKETS

…tion of the share prices previously shown under regional headings is … below with quotations on London. Irish issues, most of which are not …isted in London, are shown separately and with prices as on the Irish …

						IRISH		
…20p	19	—	Higsons Brew.	93	—	Conv. 9% '80/82	£88½	—
…ng	34	—	I.O.M. Stm. £1	135	—	Alliance Gas	54	—
…	25	—	Holt (Jos.) 25p	255	—	Arnott	225	—
…50p	137	−2	Kleen-e-Ze	32	—	Carroll (P.J.)	105	—
…	30	—	Lovell's Ship £1	97	—	Clondalkin	46	—
…£1	350	—	N'thn. Goldsmith	86	—	Concrete Prods.	95	—
…	17	—	P.M.A.	38	—	Helton (Hldgs.)	23	—
…Hdy.	64	—	Pearce (C. H.)	85	—	Ind. News	40	—
…10p	21	—	Peel Mills	14	—	Ins. Corp.	165	—
…	11	—	RobbCaledonsh.	47	—	Irish Distillers	90	—
…	46	—	Sayers 12½p	19	—	Irish Ropes	90	—
…5p	16½	—	Sheffield Brick	82	—	Jacob	65	—
…50p	152½	—	Sheff. Refrshmt.	140	—	Sunbeam	22	—
…£1	315	—	Shiloh Spinn.	25	—	T.M.G.	90	—
…10p	5	—	Sindall (Wm.)	50	—	Unidare	70	—

…ADERS AND LAGGARDS

…llowing table shows the percentage changes* which have taken place …mber 31, 1975, in the principal equity sections of the F.T.-Actuaries …ces. It also contains the F.T. Gold Mines Index.

Games	+26.06	Wines and Spirits	−0.54
…	+22.07	Food Manufacturing	−0.69
…	+19.36	Consumer Gds. (Non-Durable) Gp.	−1.11
…	+18.26	Property	−1.21
…eets	+17.52	Overseas Traders	−2.20
…d Distributors	+14.42	Packaging and Paper	−2.38
…Brokers)	+13.99	Stores	−3.37
…ipment	+11.57	Insurance (Composite)	−4.88
…	+10.86	Banks	−4.90
…	+9.46	Food Retailing	−6.19
…s and Publishing	+9.30	Entertainment and Catering	−6.24
…	+9.65	Household Goods	−6.71
…(Heavy)	+8.62	Textiles	−7.24
…s (General)	+8.33	Insurance (Life)	−7.37
…	+5.65	Building Materials	−7.48
…Goods (Durable) Group	+3.49	Discount Houses	−7.88
…	+2.94	Coppers	−7.93
…Index	+2.83	Mining Finance	−8.88
…ods Group	+2.44	Investment Trusts	−9.55
…	+1.95	Hire Purchase	−12.14
…Group	+1.80	Merchant Banks, Issuing Houses	−13.82
…Group	+0.96	Contracting and Construction	−24.07
…ndex	+0.82	Gold Mines FT	−42.72
…, Radio and TV	−0.38		

* Percentage changes based on Tuesday, July 13, 1976, indices.

INTERIM STATEMENT

…AFT PRODUCTIONS LIMITED

INTERIM STATEMENT 1976.

…irectors of Kraft Productions Limited announce unaudited …, only before taxation, of £6,014 for the six months to …une, 1976.

…nterim dividend of 0.8125p per share will be paid on 12th …t, 1976 and is equivalent with addition of the related tax … to a gross distribution of 1.25p per share. The company's … Register will be closed from 26th July to 30th July …ive.

…nting Period	6 months to 30.6.1976	6 months to 30.6.1975
… Turnover	£572,000	£601,000
… Profit after all charges …luding taxation	£6,014	£51,300
…ion (Estimated)	£2,500	£26,600
… Profit after taxation	£3,514	£24,700
…end—Gross Equivalent per share	1.25p	1.25p
…nt absorbed by Dividend	£8,125	£8,125

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd. ... 12.04 −0.03 0.83
Net asset value July 13.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555
Cnv. Bd. July 13 ... $US8.83 +0.02 —
Energy Intl. July 13 ... $US14.00 +0.07 —
Gr.St.$Fd.June30 ... $US7.29 ... —

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI. 0534 29041
CMF Ltd. June 24 ... $US9.86 10.11 ... —
CMT Ltd. June 24 ... £9.90 10.16 ... —
Metals Tst. June 17. £13.51 13.84 ... —
TMT July 8 ... $US10.6 11.2 ... —
TMT Ltd. July 8 ... £11.23 11.52 ... —

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.
Wrld. Wide Gth. Fn. ... $US12.51 −0.01 —

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. ‡ Suspended. ★ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 44⅛% (based on $1.7828 per £)

Conversion factor 0.6891 (0.6873)

CANADIANS

[illegible]

S.E. List Premium 44⅛% (based on $1.7315 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

هكذا اصل الأصل

هكذا اصل الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES—Continued

FAR WEST RAND

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
710	350	Blyvoor 25	415	+15	Q75c	Φ	10.7
£14	740	Buffels R1	750	+10	Q125c	Φ	9.9
198	95	Deelkraal R0.20	113	+5	—	—	—
768	280	Doornfontein R1	290	–10	Q55c	Φ	11.2
965	600	East Drie R1	625	–5	Q75c	1.7	7.1
280	160	Elandsrand Gld. 20c	180	......	—	—	
190	100	Elsburg R1	105	+3	†Q338c	1.0	‡
£16½	£10¾	Hartebeest R1	£11¼	......	Q190c	Φ	10.0
695	380	Kloof Gold R1	410	+10	Q47c	Φ	6.8
760	360	Libanon R1	370	–10	Q80c	Φ	12.8
748	335	Southvaal 50c	450	+10	Q8c	1.3	1.1
245	140	Stilfontein 50c	165	–10	†Q36c	2.2	‡
£20½	£12½	Vaal Reefs 50c	£12¾	......	†Q175c	2.1	‡
420	145	Venterspost R1	145	......	†Q70c	1.9	‡
£35	£16½	W. Drie R1	£17½	+¼	Q335c	Φ	11.3
315	145	Western Areas R1	155	+3	†Q52c	1.4	‡
£15¼	760	Western Deep R2	770	+10	†Q101½c	1.6	‡
290	190	Zandpan R1	210	......	Q31½c	Φ	8.8

O.F.S.

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
170	75	Free State Dev. 50c	98	–5	Q14c	1.6	9.2
£22½	£11	F.S. Geduld 50c	£11¾	+½	†Q338c	1.3	‡
200	57	F.S. Saalplaas R1	140	......	26c	0	2.5
465	295	Harmony 50c	365	+15	Q65c	Φ	10.6
195	70	Loraine R1	90	–2	Q6c	0.5	4.0
£18½	950	Pres. Brand 50c	£11½	......	†Q250c	1.3	‡
£13	635	Pres. Steyn 50c	670	+20	†Q125c	2.2	‡
£23	£10	St. Helena R1	£10½	......	†Q250c	1.2	‡
174	86	Unisel	114	+2	—	—	—
330	210	Welkom 50c	220	+5	†Q55c	1.7	‡
£25½	£14	W. Holdings 50c	£15½	......	†Q475c	1.2	‡

FINANCE

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
535	315	Ang. Am. Coal 50c	480	–5	MQ38c	2.6	4.7
375	235	Ang. Amer. 10c	270	......	Q33c	1.9	7.2
£28¾	£16¾	Ang. Am. Gold R1	£17½	+¼	†Q260c	1.3	‡
£13¼	850	Ang.-Vaal 50c	£11½	......	Q105c	Φ	5.5
199	118	Charter Cons.	154	–1	6.76	2.4	6.8
220	146	Cons. Gold Fields	164	–1	g7.37	4.3	6.9
23½	15	East Rand Con. 10p	15	......	1.0	Φ	10.3
330	185	Geduld Inv. R1	250	......	Q40c	1.5	9.5
£25	£15½	Gen. Mining R2	£16½	+¼	Q210c	2.1	7.6
£22½	£14½	Gold Fields S.A. 25c	£14½	......	Q225c	1.3	9.2
£24	£11½	Jo'burg Cons. R2	£18½	+¼	Q165c	2.5	5.3
380	200	Middle Wit 25c	335	+5	Q35c	Φ	6.2
250	168	Minorco SBD1.40	242	......	†U14c	—	‡
160	85	New Wit 50c	100	......	Q20c	1.6	11.9
£12¾	770	Patino NV Fls.5	£11¾	–½	QC40c	10.5	1.1
810	480	Rand Selection 50c	500	+10	†Q75c	1.5	‡
*543	449	Selection Trust	470	......	15.2	1.5	5.0
230	135	Sentrust 10c	180	......	Q30c	Φ	9.9
66	45	Silvermines 2½p	62	+3	3.0	Φ	7.6
175	95	SW Africa 20p	175	......	†17.87	2.0	15.7
£12½	700	Tvaal Cons. Ld. R1	£10¾	–½	Q65c	2.8	1.8
310	170	U.C. Invest R1	205	+5	Q36c	1.0	10.4
465	245	Union Corpn. 6.25c	280	......	Q42c	1.4	8.9
[illegible]	[illegible]	Vogels 2½p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	......	0.1	Φ	2.0
39½	23	Charterhall 5p	29½	+2	—	—	—
990	580	Cons. Murch. 10c	900	......	†Q80c	1.8	5.3
55	28	Laurasia	35	......	—	—	—
455	245	Northgate C$1	360	+10	—	—	—
239	178	R.T.Z.	220	+2	5.42	2.1	3.8
112	83	Sabina Inds. C$1	112	+5	—	—	—
£15⅞	£10	Tara Expln. $1	£15	+⅛	—	—	—
90	65	Tehidy Minerals 10p	90	+5	2.17	Φ	3.7
142	84	Yukon Cons. C$1	141	–1	—	—	—

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- Φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ⁑ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ¶ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 20

FINANCIAL TIMES

Thursday July 15 1976

Amin tells another diplomat to get out

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

BRITAIN'S Acting High Commissioner in Uganda, Mr. James Horrocks, has been told to leave Uganda by President Amin. He is the second British diplomat since the week-end to be ordered to leave the East African state.

On Monday, Mr. Peter Chandley, a second secretary of the High Commission and two other so far unnamed Britons were expelled. The Ugandans have not given reasons in either case, although President Amin has alleged that Mr. Horrocks had knowledge of the Israeli raid 10 days ago on Entebbe airport—a charge roundly denied by the Foreign Office.

According to the Foreign Office, Mr. Horrocks heard explosions on the night of the Israeli raid and with another diplomatic colleague was attempting to drive to the airport to investigate. He was stopped some miles from the airport, and at the request of the Ugandans spent the night in their custody.

The demand for Mr. Horrocks' withdrawal came yesterday afternoon, when an official from the Ugandan High Commission in London telephoned the Foreign Office to say that a formal note would be delivered. Earlier, the Foreign Office had said that despite General Amin's criticism of Mr. Horrocks, the acting High Commissioner was being advised to stay in Kampala.

While Mr. Horrocks' withdrawal indicates a further deterioration in Anglo-Ugandan relations, the indications in London are that Britain will not use this occasion for a formal break in diplomatic relations with Uganda.

Mr. Anthony Crosland, Foreign Secretary, returned from the European summit on Monday evening expressly to conduct a review of the Ugandan situation. It is understood that the review is complete and that a decision has been taken to try to take the heat out of a potentially explosive situation.

Opinion

Although few details are being released in Whitehall, there is clearly continuing concern over the position of about 550 British subjects in Uganda. Another concern may well be the possible effect on African opinion in general in the wake of the Israeli raid on Entebbe. The raid, and vocal Western support for it, has aroused resentment in certain African countries which the Foreign Office may feel would be exacerbated if Britain were to choose this moment to sever links with President Amin's régime.

In Nairobi, about a dozen Britons have arrived from Uganda on an East African Airways scheduled flight. Although they said that the situation in Uganda was tense, they declined to comment further because they had friends there.

In Kenya, too, the situation was tense yesterday, although reporters visiting the main frontier post between Kenya and Uganda said there was no visual evidence of troop build-up on either side. However, there were small groups of Kenyan refugees fleeing Uganda.

Other reports said that Uganda was holding up supplies of petroleum in transit for Zaire, Ruanda and Sudan, presumably because Uganda is desperately short of petrol.

In Nairobi, police are reported to have rounded up about 900 people. An undisclosed number were released. Police declined to say whether the swoop had been directed against Ugandans, who are reported to have agents infiltrating Kenya.

Other developments Page 6
Editorial Comment, Page 16

State buys more Burmah North Sea oil assets

BY RHYS DAVID

THE BRITISH National Oil Corporation will join the league of North Sea oil operators following the agreement announced yesterday for the purchase of further substantial assets from Burmah Oil.

Burmah, which sold its 21 per cent. interest in the Ninian Field to the State oil company in March for £83m., will get a further £87m. for the sale of 65 per cent. of its interests in the Thistle Field and two adjacent oil accumulations.

BNOC is also taking an interest in Burmah's other U.K. continental shelf assets through the acquisition of 95 per cent. of the share capital of Burmah Oil Development Limited (BODL), the company's oil exploration arm. An option will remain open for BNOC to acquire the remaining 5 per cent. share capital.

The move, which was announced yesterday by Mr. Anthony Wedgwood Benn, Secretary for Energy, will effectively end the North Sea operating role of Burmah, which was forced by cash problems last year to approach the Government for help.

Burmah will retain its interests in the North Sea as a partner in a number of blocks, including its 35 per cent. share in the Thistle Field.

The 250 staff employed by Burmah in BODL will continue with the company under its new ownership, providing the BNOC with the pool of expertise it has been seeking and preventing the break-up of the team.

As part of the agreement for losing the bulk of its Thistle stake Burmah will get a Government guarantee of finance for developing its remaining 35 per cent. share.

Burmah has asked that some of the oil from the Thistle interests now being transferred to the BNOC should be available for purchase by Burmah. It has been agreed that this should be negotiated at the appropriate time.

Burmah will have a 15 per cent. interest in a separate company to be set up jointly with BNOC for the purpose of joining in future rounds of licensing.

Under the terms of the deal an advance payment of £25m. was made by BNOC yesterday for the Thistle stake. The balance will be paid as documentation is completed in the next few weeks. The valuation of Burmah continental shelf assets to be acquire dthrough BNOC's purchase of BODL has yet to be worked out, however, with the result that the final payment to Burmah will be somewhat higher.

THE LEX COLUMN

Thorn back on the growth path

Thorn's profits have recovered from £65.4m. to £74.4m. pre-tax in 1975-76, and after three years of stagnation the group says that the basis now exists for a return to the sort of profits growth achieved during the 1960s and early 1970s. The rental business provides one of the keys, and the figure that stands out in the preliminary statement is the spending on rental sets, which jumped from £59m. to £81.8m.

Virtually all this increase arose overseas (especially in Australia) where with the exception of Germany most of Thorn's businesses are now on a firm footing. This explains a turnround of over £6m. into profits in overseas consumer electronics during 1975-76. But the overseas companies are still at an early stage of their profits development. They account for roughly a third of net rental assets and of rental income, but well under a tenth of rental profits.

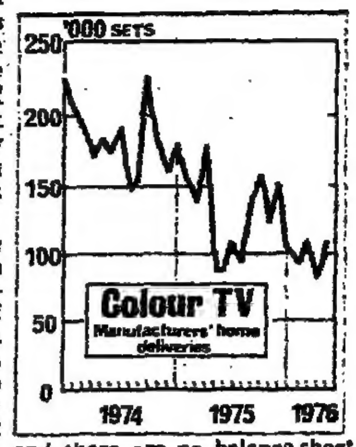
So there is room for a sizeable improvement in the next few years. At the same time the domestic rental operation, which nowadays accounts for the bulk of U.K. consumer electronic profits (£47.7m. pre-interest), is approaching the stage when the impact of the peak placement years for colour TV will start to show up in profits rather than in the depreciation charge. Despite the big push overseas, depreciation on rental assets could be little changed this year.

Lighting is the other main prop for Thorn's growth hopes. Once again this division was operating well below capacity last year, when profits were roughly unchanged at around £8m. Given the high fixed costs involved, economic recovery should substantially improve its returns.

Colour TV manufacturing remains dull—Thorn expects the U.K. market to fall a further tenth this year following a drop of nearly a quarter in 1975-76. And the audio business is having a very rough time. But production levels have been cut, with the U.K. workforce down 7 per cent., and there is £6m. of loss elimination to come this year. By contrast the domestic electric appliance side remains surprisingly strong, with sales rising by about 30 per cent., and profits would have been a couple of million higher but for some special costs in the retailing interests.

All this adds up to a significant profits advance in 1976-77, and there are no balance-sheet problems following a fall of nearly £20m. in bank borrowings last year. So although the yield at 238p is under 4 per cent., the shares may continue to hold up relatively well in the market. For the record, the historic p/e is just 8½.

Index fell 0.4 to 389.1



Standard Chartered

The buoyancy of Standard Chartered's balance sheet suggests that the need for its February rights issue was more pressing than seemed the case when it was announced. Without the £31 millions cash injection the group's free capital ratio would have fallen from its March 1975 level of 2.3 per cent. to 2.1 per cent. As it is, it rose to 2.6 per cent. which is still somewhat less than observers had been expecting.

The reason lies in the expansion of the balance sheet with deposits and advances growing by a quarter. To have produced a free capital ratio of 3 per cent. Standard Chartered would have had to hold last year's deposit growth to under 10 per cent.

The group argues that its free capital ratio is adequate enough for the time being. Its capital commitments have stabilised and last year's 26 per cent. deposit growth may not be repeated this year especially if the restrictions in South Africa continue and the Nigerians go ahead with their plans to increase their stake in the fast growing Nigerian subsidiary to 60 per cent., which would mean it would be treated as an associate in the next accounts.

If the upturn in the world economy and further depreciation in sterling do put pressure on the group's capital ratios, the management feels that there are plenty of other ways of strengthening the bal...

Fodens

Fodens is current... a profit of sorts and hopes to pay a "mor... dividend this year... doubled the payment... 1976, but the shares moved at 19p yesterday... judge by the intere... Fodens remains a... geared as ever, while... losses take net worth... £1.2m. When last pub... assets stood at £7.6m. ... time of last July's ... cash injection—of £... amounted to £8.6m.

Of course the re... exercise was always ... take several years, an... thing Fodens may be ... ahead of the recovery ... looked possible a y... Vehicle output has d... 40 units a week and is ... in strict contrast to ... figures which show firs... 1976 production to ... 40 per cent. at th... (Fodens) end of th... Meantime, the institutio... stand to end up with ... cent. of the ultimate ... are letting Fodens get ... the job. Shareholders ... have a yield of 5.4 per ... the current market c... tion is £1.45m.

Intl. Timber

International Timber ... are bad with profits, e... land sales, declinin... £1.3m. to £0.69m. pre-tax ... acquisitions and an extr... trading together worth ... £0.29m. But the divi... which cost nearly £0.8m ... gone up and IT is able ... firm, quite dramatical... earnings are now re... rapidly. For the firs... months of 1976-77 profit ... £1m. so £6m. pre-tax ... distinct possibility, for ... as a whole, against the ... that IT made at the to... previous cycle in 1973-7... in Europe will come do... last year's £1m. pre-t... doors and contract floo... out of the red. But th... driving force behind th... is the recent strength o... prices which is now ... reversing the industry's ... vulnerability to stock lo... 86p the shares yield ... cent., while the 1976-77 ... probably around 4. Apart from a dollar del... ing, further funds co... raised via subsidiaries: ... raised £13.5m. in South ... through a rights issue la...

Drought Bill will give powers to cut supplies

BY JAMES McDONALD

THE GOVERNMENT'S Drought Bill, published yesterday, will deal with the country's worst drought since records began, by giving water undertakings powers to cut supplies in two stages in their areas.

In the first period, the authorities will be able to limit or prohibit the range of non-essential uses, including swimming baths, golf courses, parks and sports grounds, and washing buildings.

The second class of order under the Bill covers a local water emergency when rationing can be imposed, or supplies cut off.

As reported yesterday, the Welsh National Water Development Authority has already announced that from Monday homes in parts of the county of Gwent will have their water supplies cut off between 7 p.m. and 8 a.m. because of the drought.

There is also a risk that areas of western Cardiff and the eastern parts of the Vale of Glamorgan may suffer similar cuts during late August.

But the Drought Bill stresses that water undertakings can act only on the approval of the Environment Secretary, Mr. John Silkin, Minister of Planning at the Department of the Environment, said yesterday.

The first stage would deal with the initial period of water shortage—a time when the best use must be made of water resources. Non-essential uses might have to be cut, but with sensible economics the life of the community was not likely to be affected.

A local water emergency is defined as a situation where a serious deficiency of supplies exists, or is threatened, which is likely to impair the economic or social well-being of people in the area.

Regional problem

An undertaking will be given power in these circumstances to impose water rationing in its area, with discretion to limit or cut off supplies as necessary.

No extra public spending is expected but there may be some extra expenditure for water undertakings arising from the Bill's proposals on compensation.

Mr. Silkin stressed that the drought was a regional problem. The Thames area appeared to have an abundance of water, with the worst-hit areas East Anglia, Wessex, Yorkshire and the South West.

He knew of only one prosecution for using water when restrictions were in force, but six cases were pending. Even in the strictest emergency, agriculture, horticulture, food processing and industry would get a very high priority.

It will be an offence, however, under the Bill, to take or use water contrary to prohibitions or limitations imposed under an Order. The penalty on summary conviction will be a fine of up to £400.

On indictment there can be an unlimited fine. It will be a defence if anyone accused can show that he took all reasonable precautions and care to avoid committing the offence.

● Rainfall in the South East so far this year is less than one-third of the average over the previous five years, the Department of the Environment said.

Spain approves right of more political parties to exist

BY ROGER MATTHEWS

MADRID, July 14.

AFTER SEVERAL weeks of complex verbal manoeuvring, the Spanish regime to-day gave certain political parties, or associations as it prefers to call them, the right to legal existence for the first time since the end of the civil war in 1939.

After a five-hour guillotined debate, Spain's Parliament, the Cortes, finally approved changes to the Penal Code without which the law on political association passed over a month ago would have remained meaningless.

Because the legislation is open to a wide degree of interpretation, it remains uncertain which parties will be permitted to become legal. Although an effort by the most Right-wing members of the Cortes to introduce a clause banning the Communist Party by name was defeated, the deputies finally approved a text which put outside the law "those that, under international discipline, are proposing to impose a totalitarian system."

According to the extreme Right, this will rule out the Communists, while leaving the Right free to pursue their aim of a continuing single-party State.

A more liberal proposal, put up by a special judicial committee of the Cortes, that would only have rejected those groups opposed to political pluralism, was defeated. The Cabinet abstained in the vote. Voting on the final form of words was 245 in favour, 175 against and 57 abstentions. In the final vote, members of the more liberal wing of the Cortes joined the extreme Right, one group because it thought the legislation too restrictive, the other because it considered it not sufficiently explicit in regard to the Communists.

Although the Communist Party of Spain may argue that it is not subject to international discipline, nor is it totalitarian, it is unlikely that the courts, faced with such an overtly non-legal task, would prove sympathetic.

Other groups already banned are Anarchists, a peculiarly Spanish form of political expression dating from the days of the Republic and the Separatists, another word open to a variety of interpretations. The least progressive members of the regime fail to make any distinction between regionalism, autonomy and separatism.

However, to-day's vote, delayed a month because the Cortes had demanded a more specific form of words, marks another step forward for the Government in its programme of constitutional reform.

The new Cabinet, headed by Sr. Adolfo Suarez, had accepted the proposals of its predecessor, although it may see fit to make changes in the next important part of the package, the structure of a new Cortes and the manner in which its members will be elected.

Originally, this had been promised by July 16 so that the necessary debate could take place in the Cortes before a referendum in October.

Royal gamble Page 16

MFC liquidation advice considered

BY JOHN WYLES, SHIPPING CORRESPONDENT

to be considering informal advice from within Maritime Fruit Carriers that the troubled Israeli-American shipping company may be a suitable case for liquidation.

The source of the advice is understood to be a senior manager who has made a detailed study of the company's affairs. In situations such as these the Department of Trade has powers to investigate and to petition the High Court for a company to be wound up.

MFC has been fighting against a worsening cash crisis for nine months. Following action by creditors it has lost control of all but one of its 37-strong fleet of reefer (refrigerated) ships.

Six of the ships have been taken over by banks acting on behalf of the Government, which has guaranteed £35m. loans for MFC. These vessels and 10 others are sailed under the British flag and are the subject of a £55m. bid by Cunard Steam Ship Company.

Cunard directors yesterday discussed the offer with Department of Industry officials, although no formal reply was given on behalf of the Government. MFC's leading banking creditors believe they can secure up to $1m. more a ship than the average $6.6m. offered by Cunard. Some sales are expected in the next day or two.

Mr. Victor Matthews, Cunard's chairman, said yesterday that "hopefully" there might be another meeting with the department. Cunard has heard nothing from MFC, which has until Friday to offer to negotiate. MFC is expected to hold a Board meeting to-day or to-morrow.

Four Bills may be guillotined

By Richard Evans, Lobby Correspondent

THE GOVERNMENT is considering curtailing debate on four major Bills to try and ensure that it gains all its programme of legislation this session.

The Cabinet will decide to-day whether to adopt a controversial proposal to "guillotine" two pairs of Bills next week so that they will be ready for the Lords when the Upper House returns in September.

The four measures are the Aircraft and Shipbuilding Industries Bill and the Education Bill, obliging all local authorities to introduce schemes fo reomprehensive schools; the Dock Work Regulation Bill an dthe Agriculture (Miscellaneous Provisions) Bill abolishing tied cottages.

The reason for introducing two guillotines each curtailing debate on two Bills is that there are Parliamentary precedents for this.

There will be Opposition fury at the imposition of a guillotine or timetable motion on any contentious Bill, but a multiple guillotine on all four Bills would have led inevitably to break up all Parliamentary relations by the Tories.

The decision to get the four Bilsl moving has been delayed until next week in the hope that the Thurrock by-election will increase the Government's overall majority by one. The result in what has always been a safe Labour seat will be declared to-night.

The Government's majority over all Opposition parties is one, but with some Labour MPs off sick, the whips were not sufficiently confident of carrying a guillotine motion.

Mr. Michael Foot, Leader of the House, is expected to announce the Government's plans to the Commons to-day when he might also confirm that the Commons will sit until the end of the first week of August before adjourning for the summer recess.

MPs are also expecting a recall in mid-September and again after the two major party conferences.

Weather

U.K. TO-DAY

SUNNY PERIODS, occasional showers. Cloudy early, with some rain, in Cent. and E. England.

London, E. Anglia, S.E., Cent. S., Cent. N., E., N.E. England, Borders, Midlands, Channel Is.

Cloudy at first, rain in places. Becoming brighter from W. Occasional showers later. Max. 23C (73F).

Wales, N.W., S.W. England, Lakes

Sunny periods, occasional showers. Max. 20C (68F).

I. of Man, S.W., N.W., N.E. Scotland, Argyll, N. Ireland, Edinburgh, Dundee, Aberdeen, Glasgow, Highlands, Moray Firth

Sunny periods, occasional showers—heavy at times. Max. 18C (64F).

Orkney, Shetland

Bright periods, occasional showers—heavy at times. Max. 15C (59F).

Outlook: Sunny intervals. Showers. Becoming mostly dry in S. later. Becoming warm in the S.E.

Lighting-up: London 21.42, Manchester 22.01, Glasgow 22.23, Belfast 22.23.

Pollen count: 3 (very low).

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	F	22	72	Manchstr.	C	18	64
Athens	F	28	82	Melbourne	R	11	52
Barcelona	S	28	82	Mexico C.	S	23	73
Belfast	F	17	63	Milan	S	30	86
Belgrade	S	25	77	Montreal	C	18	64
Berlin	R	21	70	Moscow	C	20	68
Birmgham.	C	20	68	Munich	F	24	75
Bristol	C	18	64	Newcastle	F	19	66
Brussels	F	21	70	New York	S	24	75
Budapest	C	22	72	Oslo	S	25	77
B. Aires	C	10	50	Paris	F	21	70
Cairo	S	35	95	Perth	S	21	70
Cardiff	C	19	66	Prague	R	17	63
Cologne	C	25	77	Reykjavik	F	13	55
Copnhagn.	F	19	66	Rio de J'o	S	27	81
Dublin	F	18	64	Rome	F	29	84
Edinb'rgh	F	19	66	Singapore	S	30	86
Frankfurt	F	25	77	Stockholm	S	23	73
Geneva	S	26	79	Strasbourg	S	27	81
Glasgow	F	17	63	Sydney	R	11	52
Helsinki	S	18	64	Tehran	S	31	88
Hong Kong	S	29	84	Tel Aviv	S	27	81
Jo'burg	S	21	70	Tokyo	S	30	86
Lisbon	S	30	86	Toronto	C	17	63
London	C	23	73	Vienna	C	22	72
Luxmb'g	F	24	75	Warsaw	F	25	77
Madrid	S	31	88	Zurich	F	26	79

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	27	81	Jersey	C	20	68
Akotiri	S	28	82	Las Plms.	S	26	79
Algiers	S	33	91	Locarno	S	30	86
Biarritz	S	27	81	Luxor	S	38	100
Blackpool	F	19	66	Majorca	S	31	88
Bordeaux	F	26	79	Malaga	S	30	86
Boulogne	C	17	63	Malta	S	30	86
Casablnca.	S	26	79	Nairobi	S	23	73
Cape Town	R	15	59	Naples	F	27	81
Dubrovnik	S	28	82	Nice	S	27	81
Faro	S	34	93	Oporto	S	25	77
Florence	S	30	86	Rhodes	S	29	84
Funchal	S	25	77	Salzburg	F	20	68
Gibraltar	S	23	73	Tangier	S	32	90
Guernsey	S	18	64	Tenerife	S	26	79
Innsbruck	C	22	72	Tunis	S	33	91
Inverness	F	18	64	Valencia	F	29	84
Isle of Man	F	16	61	Venice	S	28	82
Istanbul	S	27	81				

F—Fair. S—Sunny. R—Rain. C—Cloudy.

Policy change could result in more hypermarkets

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE DEPARTMENT of Environment last night published proposals which could lead to a significant increase in development of superstores and hypermarkets.

It announced that it was circulating local authorities and other interested parties with a draft of a revised policy note dealing with the development of large stores.

The note states that retailing developments which extend choice in shopping, allow more efficient retailing and offer the public better service are, in general, to be welcomed.

At the same time, the obligation on local authorities to notify the Department of all proposed shopping developments with a gross floor space of over 50,000 square feet is to be removed. In future, the Department would only have to be informed of developments over 100,000 square feet.

As few retailers in this country are interested in building hypermarkets over the 100,000 square feet size, this change in the notification requirements could remove some of the delays the trade is now experiencing when trying to build superstores.

Though the consultative document does not go as far as some retailers would have wanted, its publication represents a considerable advance for the retail trade. The existing planning advice on large stores was published four years ago and, in the view of the trade, encourages local authorities to take a negative attitude towards such large developments.

The new note, if adopted, would encourage a more positive attitude towards the development of large stores either built in existing town centres or on edge-of-town sites. It would not, however, significantly change the existing advice towards developments in green field sites or on land which could be used for industrial purposes.

Only 2.5 per cent. of total grocery sales now go through superstores (usually defined as a single-storey shop with a sales area of over 30,000 sq. ft.) and hypermarkets (stores with a trading area of over 50,000 sq. ft.). But all the big supermarket groups, Tesco, Sainsbury, Fine Fare and the Co-op, are interested in developing more of these larger stores which, by virtue of the economies of scale, are cheaper to build and operate than traditional town-centre supermarkets.

Though the proposed revised advice to local authorities states that, in general, large, efficient stores are to be welcomed, it says that there is a need for the careful assessment of the likely effect of a proposed new store on existing shopping facilities.

It also states that it is important to set such developments in the context of shopping locations generally and to consider the pattern of shopping centres in relation to the planning objectives for the whole area over which the new development may have some impact.

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